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ABSTRACT

The tenth grade unit, developed by the University of Minnesota's Project Social Studies, is the sixth and last unit on continuity and change in American civilization. The development of the consumption economy and its social implications are studied. Major attention is given to the depression of the 1930's and to an analytical study of the causes of business fluctuations. American values and society of today are analyzed and compared to the colonial era. The course is designed to teach attitudes and inquiry skills as well as generalizations and concepts. The inquiry approach to teaching is stressed. Preceding the main body of the unit are three sections on the following: 1) major historical points to be developed in the unit; 2) a list of unit objectives; and, 3) content outline showing how different topics in American history can be used to teach the unit's major generalizations. The objectives, content, teaching procedures, and instructional materials to be used are specifically explained in the main body of the unit, and the relationship among these is made clear. Specific questions to facilitate classroom discussion are listed. A bibliography of student and teacher materials to be used in the course is listed, however, many other materials can be used in lieu of those suggested. Related documents are SO 006 777-783. (Author/RM)

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Grade Ten
Unit VI: CONSUMPTION ECONOMY

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1968

UNIT VI - THE CONSUMPTION ECONOMY AND MODERN AMERICA, 1920's TO THE PRESENT

Robert F. Berkhofer, Jr.

After World War I, a new phase began in American industrial history. By the time of that war, the United States was a mature industrial nation, for the available technology was applied to the bulk of its resources. The industrial machine no longer had to expand capital resources but could switch to producing consumer goods. This transition was seen most vividly in the 1920's by the rise of new industries devoted to the production of automobiles, radios, and home electric appliances, or to the construction of roads and suburban housing. During that decade, millions of Americans got new ideas about the normal amount of income and how it should reach beyond the necessities of shelter, food, and clothing. With this increased income among so many, there came a reverence for the businessman and businessman's civilization. All other aspects of life seemed subordinated to the pursuit of wealth and the emulation of the successful. In line with the trend, Christ became a great salesman in one of the best-sellers of the mid-20's, and the churches were referred to as "plants."

Accompanying this new economic era, and probably because of it, social disorganization in morality and family life seemed rampant to the people of the time. Just the possession of a car meant new sexual freedom for the adolescent and a vehicle for the family to drive over the countryside on Sunday rathe
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drive over the countryside on Sunday rather than go to church. (The automobile also meant suburban homes and a new status symbol.) The new motion picture and tabloid industry portrayed life in shocking sexual terms. In diagnosing the evils of the era, some white Anglo-Saxon, Protestant Americans placed the blame upon Catholics, immigrants, cities, and alcohol. As a result they urged immigration restriction, voted for prohibition, and joined the Ku Klux Klan. The presidential candidacy of Al Smith and the opposition to him seemed to symbolize these forces in the struggle over the nature of future American society.

Politics in the twenties served the needs of big business. Harding and Coolidge frankly dedicated the federal government to the interests of businessmen and a business civilization. The Supreme Court rendered decisions favorable to the corporate powers. Both businessmen and politicians encouraged the people to believe that prosperity would continue indefinitely if business had its way without any government interference. Unfortunately for the proponents of this view, the crash and the depression changed this attitude of government's relationship to the economy.

Never before had the nation felt a depression so much, for never before had so many so much to lose after the affluence of the twenties. It is this loss that made possible the unprecedented step of the government intervening in the economy to restore employment and prosperity. With industrial production geared to the production of consumer's goods, the prosperity of the masses became more essential to the profits of the industrial system. Herbert Hoover did more than any previous president to bolster the faltering economy, but his measures seem insignificant compared to those of his successor. In spite of popular opinion, the acts of Roosevelt for recovery and reform were the most conservative possible to restore the economy to its normal state. The New Deal did not attempt to change the traditional American economic structure of private enterprise but rather it sought to preserve it, although it may also have supplemented it in areas where private enterprises refused to risk capital.

From the 1930's to the present, the federal government has become a major factor in the economy, and this is perhaps best seen in the Employment Act of 1946, which is the lasting heritage of the New Deal to government-economy relations. As a result of this intervention in the economy, both in the regulation of the business cycle and in providing welfare for private individuals, the federal government is "closer" to the people than ever before --to the cheers of some and despair of others. The farmers since Hoover's day, and workers since FDR's era, have enjoyed special favor: parity and crop storage for agriculture and quasi-governmental status of collective bargaining practices for labor. (Even the Taft-Hartly Act did little to change the National Labor Relations Act.) With the positive encouragement of government, unions have gained more members than ever before, though

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organized labor still continues as a minority of the non-agricultural work force. Some analysts have maintained that under the New Deal, government intervention in the economy was for the aid of all groups. In fact, the New Deal in this view is supposed to create a big agriculture, a big labor, and a big government to counteract big business, and thus restore competition within the nation, not among individuals but among large organized groups. Regardless of the truth of this theory, the New Deal marks the end of laissez-fairism in American economic attitudes (but not of capitalistic free enterprise) and this new approach continues until today, regarless of which party captures Congress and the Presidency.

The presence of post-World War II prosperity has continued the trend to consumption and affluence that began in the 1920's. With this trend has also come the social problems feared by those who remember an older America, and interestingly enough, many of them have reacted in ways reminiscent of the hate groups of the twenties. This new era of affluence is different from that of the earlier period because now the federal government attempts to underwrite the prosperity rather than leaving it to the decisions of businessmen.

Because of the importance of the economy to every citizen today, the period from World War I to the present with its depressions and wars affords opportunity for detailed analysis of business cycles and decision-making in the economy by government and business. In short, it provides an overview of the workings of our economic system which will review the concepts learned in the ninth grade and build upon them.

The evolution of the modern American economic system has been the chief focus of this part of the curriculum, but an attempt should be made to place this system within the broader context of the social and political ramifications that accompanied the changing industrial structure. The students should not leave this story of industrial America feeling that the economic interpretation of history explains everything; it only appears this way in the past century because the chief factor for change has been industrialism. Changes in other periods occured for other reasons, and even the initial rise of industrialism cannot be explained by crude economic determinism.

OBJECTIVES

This unit should make progress toward helping students learn the following:

GENERALIZATIONS

1. At any specific time, the total economic output is affected by the quantity and quality of productive resources (land or natural resources, labor and capital goods), by the level of technology, and by the effeciency of the organizational structure.
    a. Investment in technology research and development may lead to higher levels of technology and so to greater productivity because of more or better quality of consumer or capital goods.
        1) New inventions open up whole new fields of production.
    b. Capital formation is a major means of increasing an economy's total output over time, because it increases productive capacity.
        1) Capital investment through savings is a major means of increasing output, because it increases productive capacity.
            a) Net investment or capital formation involves an increase in real capital such as machines, equipment and building; an exchange of property from one person to another may be spoken
            of as investment for
            but does not add to
            formation.
            b) Savings (or forgoing
            are required for inv
            formation.
        2) Most U.S. corporations
        corporation savings for
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    c. Division of labor and spec
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    greater interdependence.
        1) Mass production, with
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of as investment for an individual [illegible] but does not add to a country's capital formation.

b) Savings (or forgoing present consumption) are required for investment or capital formation.

2) Most U.S. corporations today depend more upon corporation savings for new investment than upon investment from outside the business.

c. Division of labor and specialization can make possible increased production but also lead to greater interdependence.

1) Mass production, with its greater specialization and substitution of capital goods for labor, permits a reduction of costs.

d. Efficiency studies may increase output without increasing the amount of resource input by bringing about a different organization of production or increasing motivation for production.

2. A mature economy demonstrates that it has the technology and entrepreneurial skills to produce most things that it chooses to produce, given the available state of world scientific knowledge. Such an economy has the capacity to move beyond the original industries which powered its takeoff and to provide levels of living in which the masses of people consume far above the level of bare necessities.

3. Economic wants of people seem never to be satisfied, since many goods and services must be replenished constantly as they are used up, since population is expanding, and since new inventions create new wants.

4. Measurements of the nation's economy or national income statistics and index numbers make it possible for people to evaluate economic policies, whether they are businessmen or government economists.

5. People generally would like to see their economic systems provide both economic growth (and so higher levels of living) and stability (and so economic security).

   a. People's ideas of what constitutes an adequate level of living on one hand or poverty on the other change as average living levels change.

   b. Although living levels in the U.S. are very high compared to those in most countries, a large number of people still live in poverty by American standards of what is needed for adequate living levels.

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2) Even during prosperous times there will be some structural unemployment [illegible] those changing jobs, those without any skills, and those whose skills are made obsolete by technological changes. There may also be some unemployment among certain groups because of discrimination.

c. Levels of living are affected by the amount of goods and services which money incomes can buy, not just by changes in money incomes which may be offset by changes in prices.

d. Living levels do not rise unless output of production grows at a faster rate than population.

e. In general, people wish to sell their labor, land, or capital for the highest incomes possible in order to obtain the largest amount of desired goods and services possible.

6. Money is wanted for what it can buy; paper money has no value in and of itself.

   a. Barter is inefficient; the development of a monetary system promotes exchange and so a division of labor and greater productivity.

   b. Money makes exchange easier than barter does since many objects which people might want to trade are not of equal value, do not last well, cannot be divided, or are hard to transport. Money serves as a medium of exchange, as a measure of value, and as a storer of value, and it is divisible.

c. The value of money varies, depending upon what it can command in exchange. When prices rise, the value of money falls; when prices fall, the value of money rises. Thus even money is not a perfect storer of value.

d. Since banks are not required to keep 100 percent cash reserves on hand against deposits, they can loan out much of the money on deposit. By granting loans, they can create new money.

7. Misallocation of resources costs consumers what they could otherwise have had. The alternative cost of unemployed resources during a depression or recession is what could have been produced if existing resources had been put to work.

   a. A depression or recession results in unemployment.

   b. A depression or recession results in a rise of business failures and less than full use of existing productive resources.

   c. A depression usually results in a fall in prices.

   d. A long depression usually results in a drop in wages, either in wage rates or in overall wage income because of loss of overtime or a cut in the hours of work.

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8. Different groups in society are affected differently by depressions and inflation. However, all groups are affected because of the interdependence of society.

   a. People on fixed incomes can buy more with their money during periods of low prices and less in periods of inflation.

   b. People counting on fixed incomes may find that these incomes disappear during depressions, since debtors may not pay debts, insurance companies may fail and banks may fail.

   c. Debtors find it hard to pay back debts in periods of deflation when money is worth more and their income is less.

   d. People of all income levels may find themselves out of work in a serious depression, although unemployment is greatest among unskilled laborers.

   e. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.

   f. Even those people who continue to have relatively good incomes are affected by depressions because of added governmental burdens during hard times.

9. Prices are affected by changes in supply and demand, and price changes affect supply.

   a. It is demand, backed by the ability and willingness to pay for goods at specific prices, which affects the market; people's wants do not affect the market unless they are turned into effective demand.

b. The quantity of a specific product or service which will be demanded at a specific price depends upon: (a) consumer desires, (b) availability of alternative goods and services, (c) the prices of alternative goods and services, (d) the amount of money consumers have and are willing to spend.

   1) Demand is affected by the supply of money and credit and also by the velocity with which money changes hands.

c. Adjustment of supply to demand is hampered by factors which decrease mobility of productive resources.

   1) Wage contracts make it difficult to adjust wage rates to changes in the supply and demand for labor.

   2) An investment in expensive capital goods cannot easily be turned to the production of other goods, since capital goods are highly specialized.

10. The circular flow of income can be broken down into three general types of flows: between business and the public, between the government and the public, and between savers and investors.

   a. The money saved by private consumers and put into banks becomes a source for possible investment by those who borrow the money to make capital goods.

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b. Fluctuations in the business cycle are the result of changes in the ciruclar flow of income.

11. Economic systems are usually mixed, with both public and private ownership and with decisions made both by government and by consumers and businessmen.

    a. In a private enterprise system, it is the market which permits buyers and sellers to deal with one another, which translates demand and supply into a price system, and which is chiefly responsible for the way in which the basic economic questions are worked out. The market serves to determine largely what shall be produced, how much shall be produced, how it shall be produced, and who shall get what part of the production. However, government policies and factors which interfere with perfect competition also affect the allocation of resources and income.

        1) Firms may compete with each other by heavy advertising to make their products better known and so increase the demand for them rather than for competing products.

        2) Competition does not always lead to lower prices; it may actually lead to monopolistic practices and higher prices.

        3) Government expenditures act just like consumer expenditures to affect allocation of resources to the production of different goods and services and to affect the total amount produced.

    b. Most economic systems are in the process of constant change.

12. The fluctuations of different business cycles are similar in some respects and different in others.

    a. Business cycles vary in length and degree of fluctuation. Economists have noted smaller cycles within larger cycles. Moreover, some cycles show a drastic drop in business activity (a depression) and some show only a minor drop (a recession).

    b. Changes in business activity during a business cycle tend to be cumulative; that is, a small change in one direction tends to cause further changes in the same direction.

    c. Changes in business activity during a business cycle have tended eventually to be self-reversing; that is , change in one direction tends to build up pressures which bring about a reversal of direction.

    d. Fluctuations in business have tended to be around a long-term trend toward higher and higher output.

13. During an upswing in the business cycle, prices tend to increase more rapidly than costs, and during a downturn in the business cycle, prices tend to fall more rapidly than costs.

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a. When productive capaicty in a plant has not been used to capacity, an increase in production will result in lower costs per unit produced, since fixed costs can be divided among more units produced.

b. As business activity expands, businesses buy inventories (materials of production and products for sale) at lower prices and sell them at higher prices.

c. As prices decline, businessmen may find that they must sell off inventories at lower prices than they paid for them in the first place or at least for much less profit than before.

d. Since labor costs are usually set by long-term wage agreements, labor costs tend to rise more slowly than prices and decline more slowly than prices.

e. Firms may continue to operate despite losses, in order to cover some of their fixed costs.

14. Both internal and external factors are important in causing business fluctuations; however, the most important factor seems to be the level of investment in new capital goods.

a. Aggregate demand must be enough to buy all of the goods an economy can produce if the economy is to operate at full capacity.

b. Investment is affected by many factors and so changes are hard to predict. These factors include the psychology of businessmen or their expectations about what will happen, the relationship of recent expansion of productive capacity to consumer demand, technological changes, the state of inventories, changes in consumer income etc.

1) The motive for savings may be to provide for future security rather than to make more money because of interest rates. People may save even when interest rates are low.

2) In a mature economy, high consumption and high investment work together; low consumption leads to low investment since business is unlikely to invest savings unless it thinks it can sell goods.

    (a) Attempts by individual consumers to save during a depression may give added impetus to the downswing of business.

c. The pattern of income distribution affects savings and consumption of consumer goods and so investment.

1) Upper income groups save more of their income both in terms of absolute amounts and in terms of the percentage of their total income.

2) Monopolistic restrictions of output to keep prices high tends to create greater inequalities in income and make it more difficult for people to purchase consumer goods, unless wages are raised.

3) Unless wages rise as rapidly as productivity per worker, or unless prices are reduced, the distribution of income becomes more unequal.

d. With increasing emphasis upc goods, consumer expenditures fluctuate more than in earli of non-durable goods fluctua sumption of durable goods.

e. Inventories expand and contr does consumer spending; this to business fluctuations.

f. Business spending for new ca ment) varies more than other and seems to be the key fact fluctuations.

1) An increase in net invest will increase national in the amount invested, whil investment will decrease by more than the drop in multiplier principle mear of investment in capital the rise and fall of bus more than the amount of decrease in investment.

2) Net investment will drop as consumer sales level continuing to grow.

3) An increase in demand fo to an even-greater incre producer's goods and so

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ncome becomes more unequal.

d. With increasing emphasis upon consumer durable goods, consumer expenditures have tended to fluctuate more than in earlier years. Consumption of non-durable goods fluctuates less than consumption of durable goods.

e. Inventories expand and contract more rapidly than does consumer spending; this gives added impetus to business fluctuations.

f. Business spending for new capital goods (investment) varies more than other kinds of spending and seems to be the key factor in business fluctuations.

    1) An increase in net investment in capital goods will increase national income by more than the amount invested, while a drop in net investment will decrease national income by more than the drop in this investment. This multiplier principle means that the effect of investment in capital goods is to increase the rise and fall of business activity by more than the amount of the increase or decrease in investment.

    2) Net investment will drop rather than increase as consumer sales level off rather than continuing to grow.

    3) An increase in demand for consumer goods leads to an even-greater increase in demand for producer's goods and so in investment.

15. Government policies can either help reduce or exaggerate fluctuations within the business cycle and can promote or hinder economic growth.

a. Some government action to prevent violent fluctuations in business activity requires decisions. (Such action includes fiscal policy involving an increase or decrease in public expenditures or changes in tax rates and monetary polciy such as changes in interest rates, requirements for down-payments on installment buying or margin requirements for buying stock, or open-market operations.)

1) As long as there are unemployed resources government expenditures should lead to an increase in production and not to inflation.

a) Many economists recommend deficit spending when business activity is declining or at least a cut in tax rates; they recommend a reduction in spending and/or a raise in tax rates when productive resources are being used to full capacity and there is danger of inflation.

(1) Government spending on goods and services and for transfer payments (pensions, social security benefits, welfare) may help make up for a lack of demand by the private sector and prevent a decline in business activity.

(2) A reduction in tax rates when productive resources are not fully used, increases disposable income in the private sector and may lead to higher production and not much or any loss in tax revenues.

(3) An increase in tax rates or government spending may red demand.

(4) If the government increases itures to encourage more pr it may offset this change b taxes.

b) The extent to which interest pa given national debt are a burde depends on the level of nationa Thus deficit spending which ser national production and income decrease the burden of the nati although increasing the size of

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b) The government can influence cr raising margin requirements for or the amount needed for down goods purchased on credit.

c) The government can borrow money and so reduce the amount of mo circulation, or it can borrow and influence the amount of mo circulation in a different dir

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higher production and not much
loss in tax revenues.

(3) An increase in tax rates or a decline in government spending may reduce aggregate demand.

(4) If the government increases its expenditures to encourage more production, it may offset this change by increasing taxes.

b) The extent to which interest payments on a given national debt are a burden on citizens depends on the level of national income. Thus deficit spending which serves to increase national production and income may even decrease the burden of the national debt although increasing the size of the debt.

2) Government monetary policies can be used to influence lending and so the amount of money in circulation and aggregate demand of goods.

a) The government can control interest rates and reserve requirements and can buy or sell government bonds to affect bank lending.

b) The government can influence credit by raising margin requirements for buying stock or the amount needed for down payments on goods purchased on credit.

c) The government can borrow money from consumers and so reduce the amount of money in circulation, or it can borrow money from banks and influence the amount of money in circulation in a different direction.

3) Both monetary and fiscal policies require discretionary action which may be difficult both because of a lack of knowledge and because of the difficulty of persuading officials to take action.

   (a) Measurement of the nation's output or national income statistics and various indexes make it easier for government officials and businessmen to asses the state of the economy and plan appropriate courses of action. However, economists do not agree on what these statistics indicate about the exact stage of the cycle.

   (b) Monetary policies affect spending only indirectly and so take longer than do **fiscal** policies to take effect.

      (1) Governments cannot affect the velocity of money as easily as they can the amount of money in existence. Thus measures designed to decrease the money supply may not have the desired effect on velocity, and measures to increase the ability of banks to lend may not increase borrowing by business or consumers.

4) Different combinations of monetary and fiscal policies aimed at fighting depression or inflation affect different groups differently. Thus the combination chosen is important.

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16. Whenever things valued by a society
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b. Built-in stabilizers act automatically without new government action to shore up purchasing power when business activity declines or to slow down increases in purchasing power when business acitivity increases.

c. Government taxation policies affect who gets what share of the national income.

d. Government price controls, allocation controls, and consumer rationing affect business activity. They may be used to hold down inflation and allocate production resources to essential industries during wartime inflation.

e. Government policies toward monopolies and restrictive practices affect business activity both directly by affecting output and prices, and indirectly by affecting income distribution.

f. Government labor policies affect business activity both directly by affecting minimum wages and hours of labor and indirectly by affecting the strength of unions. These policies, by affecting income distribution and costs of production, affect business activity.

16. Whenever things valued by a society are scarce, there will be differential access to and control of these valued and scarce things by sub-groups within the society.

a. Class membership has certain effects on life and behavior. These effects are known as class correlates.

b. Members of a class can move out of the class by various means, and this mobility may be up or down.

c. Every society provides for differentiation of status among its members. In some societies certain material objects become status symbols and are desired in part because of the status they indicate, not just for their material value.

17. Conflict is a struggle over values and claims to scarce status, power, and resources in which the aims of the opponents are to neutralize, injure, or eliminate their rivals.

    a. In political conflict the conflicting sides attempt to use the authority of the political system to win the conflict.

18. Frustration may result in aggression. When people are frustrated by events seemingly beyond their control, the aggression may be turned against others who become scapegoats.

19. Although culture is always changing, certain parts or elements may persist over long periods of time.

    a. People change their culture if they see a real need for change, if they are dissatisfied with existing aspects of their culture.

    b. Changes in one aspect of culture will have effects on other aspects; changes will ramify, whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

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20. Any decision is in part a pro
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22. Any decision-maker is limited
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    acquires new values and pa
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24. Most political communication
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25. Constitutions change through
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1) All institutions in a society are interrelated; because of these interrelationships, a change in one institution is likely to affect others.

20. Any decision is in part a product of the internalized values and the perceptions of the person making the decision.

21. The decision-maker reacts to pressures from other decision-makers.

22. Any decision-maker is limited by available information.

23. The individual participant in the political process has attitudes, outlooks, values, and goals which have been learned through a process of political socialization.

    a. The process of political socialization is a continuous process; the individual continually acquires new values and patterns of behavior, and a sharp change in his life may result in re-socialization.

24. Most political communication depends on the use of symbols, negative and positive stereotypes, and other communication shortcuts; effective communication depends on the effective manipulation of these symbolic tools.

25. Constitutions change through custom and interpretation as well as by formal amendments.

26. Democracy does not bear up well in societies in which basic dissatisfactions with the social and economic institutions prevail and become the focus of political competition.

27. Internal social stability is important to the development of national power in that it enables the nation to concentrate on external matters without disruption or the diversion of attention.

SKILLS

1. Attacks problems in a rational manner.
    a. Is alert to incongruities, recognizes problems, and is concerned about them.
    b. Identifies value conflicts.
    c. Sets up hypotheses.
        1) Sets up hypotheses by applying previously-learned generalizations.
    d. Considers alternative courses of action.
        1) Sets up hypotheses about consequences of alternative courses of action.
2. Gathers information effectively.
    a. Reads for main ideas or to answer questions.
    b. Takes effective notes on lectures.
    c. Interprets cartoons.
    d. Gains information through
        1) Increases the accuracy
        through the use of que
    e. Uses simple statistical d
    data.
    f. Increases accuracy of obs
    of indices.
    g. Uses models to make sense
    h. Interprets tables and cha
        1) Draws inferences from
        charts.
3. Evaluates information and sc
    a. Checks on the accuracy of
        1) Checks on the bias and
        and other sources.
        2) Compares sources of ir
    b. Distinguishes between fac
    c. Identifies basic assumpti
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    e. Detects inconsistencies.
    f. Checks on the completenes
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d. Gains information through interviews.

  1) Increases the accuracy of his observations through the use of questionnaires.

e. Uses simple statistical devices for analyzing data.

f. Increases accuracy of observation through use of indices.

g. Uses models to make sense out of complex data.

h. Interprets tables and charts.

  1) Draws inferences from tables, graphs and charts.

3. Evaluates information and sources of information.

  a. Checks on the accuracy of information.

    1) Checks on the bias and competency of authors and other sources.

    2) Compares sources of information.

  b. Distinguishes between facts and estimates.

  c. Identifies basic assumptions.

  d. Identifes persuasion techniques.

  e. Detects inconsistencies.

  f. Checks on the completeness of data and is wary of generalizations based on insufficient evidence.

1) Recognizes limitations of data.

2) Checks on completeness of data; rejects assumptions of cause-effect relation in correlations.

3) Rejects post-hoc arguments; looks for another factor which may have caused the later event.

4. Has a well-developed sense of time.

   a. Looks for relationships among events.

   b. Sees meaningful differences between eras; notes relationships within any era between institutions and cultural assumptions.

5. Organizes and analyzes information and draws conclusions.

   a. Applies previously-learned concpets and generalizations to new data.

   b. Categorizes data.

   c. Tests hypotheses against data.

   d. Generalizes from data.

   e. Considers consequences of alternative courses of action.

6. Works well with others.

   a. Empathizes with others, seeing things through their eyes, whether he accepts their viewpoints or sympathizes with them or not.

ATTITUDES

1. Is curious about social data and h and wishes to read and study furth sciences.

2. Values the scientific method and r as applied to social as well as to

3. Believes that the social sciences to men's welfare by providing info explanatory generalizations which achieve their goals.

4. Respects evidence even when it con prejudices and preconceptions.

5. Is sceptical of theories of single the social sciences.

6. Evaluates information.

7. Is sceptical of panaceas.

8. Believes in the possibilites of in conditions.

9. Values institutions as a means of human welfare, not because of trad willing to change institutions as new problems.

10. Evaluate proposals and events on t their effects upon individuals as

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ATTITUDES

1. Is curious about social data and human behavior and wishes to read and study further in the social sciences.
2. Values the scientific method and rational thought as applied to social as well as to natural data.
3. Believes that the social sciences can contribute to men's welfare by providing information and explanatory generalizations which help them achieve their goals.
4. Respects evidence even when it contradicts prejudices and preconceptions.
5. Is sceptical of theories of single-causation in the social sciences.
6. Evaluates information.
7. Is sceptiaal of panaceas.
8. Believes in the possibilites of improving social conditions.
9. Values institutions as a means of promoting human welfare, not because of tradition; is willing to change institutions as times create new problems.
10. Evaluate proposals and events on the basis of their effects upon individuals as human beings.

CONDENSED OUTLINE OF CONTENT

I. A mature economy demonstrates that it has the technological and entrepreneurial skills to produce, most things that it chooses to produce, given the available state of world scientific knowledge. Such an economy has the capacity to move beyond the original industries which powered its takeoff and to absorb and to multiply efficiently over a wide range of its resources the most advanced fruits of modern technology. By the 1920's the United States was a mature industrial nation; the industrial machine no longer had to expand capital resources and could shift the emphasis to consumer goods production.

A. An impressive increase in production was made possible in the 1920's by greater mechanization, more efficient management, and intensive research.

B. The use of new mass consumer industries was marked in the 1920's.

C. Although the impressive increase in productivity was achieved without any expansion of the labor force as a whole, one segment of the work force, the white collar workers, increased rapidly in the 1920's.

II. Changes in one aspect of culture will have the effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system. To the people of the 1920's, all other aspects of life seemed subordinated to the pursuit of wealth and the emulation of the successful.

A. The affluent style of life, promoted by the consumption economy, seemed to alter some of the traditional virtues of American society. The nineteenth century American with his set of personal characteristics adapted to an economy of scarcity seemed to give way to a new twentieth century American whose personal characteristics were geared to an economy of abundance.

B. Family life, which had been undergoing economic and social change from the beginning of the industrial era, seemed to be affected even more in the affluent age of the 1920's.

C. Politics in the twenties served the needs of big business.

III. Conflict is a struggle over values and claims to scarce status, power, and resources, in which the aim of the opponents are to neutralize, injure, or eliminate their rivals. Rural-urban conflict, which had existed for decades became more intensive as the old order fought to preserve the traditional values. Those who accepted the affluent urban and suburban life of the 1920's consciously rejected rural values and society and made no attempt to conceal their contempt for small town America. Rural leaders, who were steadily losing power and prestige over the past several decades, attacked in turn the city as the Modern Gomorrah; political fundamentalism was an attempt to deny any real division in American society by imposing a patriotic cult and coercing a sense of oneness.

A. Efforts toward social change were condemned as un-American, and the Constitution was worshipped more than ever before.

B. Everything "foreign" was also condemned.

C. Fears of changing elements within the United States led to the growth of the KKK and other "patriotic" organizations which opposed Negroes, immigrants, Catholics and Jews.

D. Alcohol was attacked as the mainstay of the immigrant masses of the city and of the arriviste rich. Prohibition, which had been advocated for several generations, became the order of the day.

E. The presidential candidacy of Al Smith and the opposition to him seemed to symbolize these forces in the struggle over the nature of the future American society.

IV. In a depression or recession productive resources are not used to capacity or are not fully employed. The cost to society is what might have been produced if they had been fully employed. Thus depressions and recessions result in a drop in the Gross National Product and national income. The prosperity of the 1920's came to an abrupt end in 1929. The depression of the 1930's which followed was longer than any in U.S. history and had serious psychological as well as material effects upon the American people.

A. The depression led to mass unemployment, sharp reduction in wages and salaries and other income, much lower prices, many business and bank failures, and in general to a drastic reduction in GNP and in living levels. The period was marked by what some have called "A Paradox of Poverty in the Midst of Plenty."

B. Different groups in society are affected differently by depressions and inflation. However, all groups are affected by depressions because of interdependence of society.

C. Serious depressions have both material and psychological effects upon the people who are affected most seriously. The depression of the 1930's was so severe that private, local and state agencies were unable to care for all of those needing relief.

V. Both internal and external factors are important in causing business fluctuations; however, the most important factor seems to be the level of investment in new capital goods.

A. Fluctuations in business have tended to be around a long-term trend toward higher and higher output.

B. Fluctuations in the business cycle are the result of changes in the circular flow of income.

C. Specialization and division of labor lead to greater interdependence as well as increased production. This interdependence makes private enterprise systems highly susceptible to business fluctuations.

D. Although each business cycle differs somewhat from other cycles, cycles tend to have certain things in common. An idealized model of different phases of the cycle helps one identify factors causing changes in business activity.

E. Each business cycle differs somewhat from others.

F. Investment fluctuates more and seems to be more important than other types of expenditures. It seems to play the key role in causing business fluctuations. Investment is affected by many factors, and so changes are hard to predict. These factors include the psychology of businessmen or their expectations about what will happen, the relationship of recent expansion of productive capacities to consumer demand, technological changes, the state of investments, changes in consumer income, population changes, etc.

VI. Government policies can either help reduce or exaggerate fluctuations within the business cycle and can promote or hinder economic growth.

A. Although Hoover's administration finally took a few steps toward more federal action to improve economic conditions, the administration hoped that the depression would reverse itself and that local and state agencies could handle problems of relief. Hoover's administration finally set up the Reconstruction and Finance Corporation to loan money directly to businessmen and to local governments for relief purposes. However, increased federal spending did not offset the decline in state and local spending, let alone the decline in spending in the private sector of the economy.

1. The Hoover administration tried unsuccessfully to balance the budget by raising taxes. However, an increase in tax rates or a decline in government spending may reduce aggregate demand.

2. Congress passed the highest tariff in history in order to protect American industry from foreign competition. However, the increase in tariff rates reduced sales abroad and did not help aggregate demand.

3. Different kinds of public expenditures have different effects. Thus one kind of expenditure might lead to greater total aggregate spending, while another expenditure might be completely offset by increased taxes to balance the expenditure. The RFC and Hoover tended to salvage firms in danger of failing but did not do much to stimulate new investment. Moreover, its loans to local agencies for relief merely replaced what local agencies had been spending.

B. Roosevelt followed a pragmatic approach rather than fitting all of his proposals into one overall economic theory. As a result, much of his earlier program was based on a different view of what role business and government should play than was his later legislation. Basically, his aim was to preserve the private enterprise system and political democracy.

1. In the early days of the New Deal, Roosevelt was much influenced by men who believed in restriction of output to raise prices and in business cooperation in setting prices. When the Supreme Court declared the NRA unconstitutional, the administration was already convinced that the NRA had not done the job expected of it. Nor were New Dealers pleased with destruction of food in the face of hunger.

2. After considerable experimentation, Roosevelt's administration developed a series of fiscal and monetary policies to try to end the depression. It also put into effect a number of programs which have come to be known as built-in-stabilizers to offset future downswings and drastic upswings in business activity.

VII. By and large, the nation has come to accept the idea that the federal government is responsible for promoting economic grwoth, offsetting sharp fluctuations in the business cycle, and achieving high employment.

A. The Full Employment Act of 1946 has been followed by general acceptance of both major political parties although the parties still differ as to just what action should always be taken. Economists now accept many aspects of Keynsian economics and, in general, the possibilities of compensatory finance as a means of evening out business fluctuations and promoting economic growth.

B. Although the U. S. has had recessions since World War II, they have been nowhere near as deep or as long as the depression of the 1930's. Different factors have been important in each of these recessions, but the level of investment has again been the key factor.

C. Today, real incomes and national production far exceed anything known in the 1920's. Nevertheless, there are still a large number of poor in this country and new government programs are aimed at trying to achieve the Great Society in which such poverty will be reduced greatly. The extent to which the government should engage in poverty and welfare programs is still debated widely.

D. Today the U. S. has a mixed economy, as do most countries. However, the mix still lies further in the direction of private enterprise than do many mixed economies in the world.

VIII. The depression and its aftermath have had important political and social ramifications, although our economic problems were also affected by non-economic factors.

A. The depression brought about a number of changes in our political system.

B. The depression plus the wars and cold war which followed have brought about changes in American attitudes.

C. The depression, World War II, and the postwar prosperity have combined to bring about massive movemements of people from one place to another.

D. The depression, wars, and increased prosperity since World War II have each influenced education and the use of leisure.

E. The depression served to concentrate attention upon domestic affairs during Hitler's rise to power, while international affairs such as the war in Viet Nam can make it difficult to carry forward some domestic, economic and social programs.

F. Although culture is always changing, certain parts or elements may persist over long periods of time. Some of the attitudes which mark present-day Americans can be traced back to early days in American history, despite the many changes which have taken place during the twentieth century. However, the basic cultural values of today help make today's America far different from the America of colonial days.

OBJECTIVES	OUTLINE OF CONTENT
A. IS CURIOUS ABOUT SOCIAL DATA AND HUMAN BEHAVIOR AND WISHES TO READ AND STUDY FURTHER IN THE SOCIAL SCIENCES.	I. A mature economy demonstrates that it has the technolog entrepreneurial skills to produce most things that it produce, given the available state of world scientific Such an economy has the capacity to move beyond the or dustries which powered its takeoff and to absorb and t efficiently over a wide range of its resources the mos fruits of modern technology. By the 1920's, the Unite was a mature industrial nation; the industrial machine had to expand capital resources and could shift the en to consumer goods production.
A. IS CURIOUS ABOUT SOCIAL DATA AND HUMAN BEHAVIOR AND WISHES TO READ AND STUDY FURTHER IN THE SOCIAL SCIENCES. S. Increases the accuracy of his observations through the use of questionnaires.	

OUTLINE OF CONTENT

I. A mature economy demonstrates that it has the technological and entrepreneurial skills to produce most things that it chooses to produce, given the available state of world scientific knowledge. Such an economy has the capacity to move beyond the original industries which powered its takeoff and to absorb and to multiply efficiently over a wide range of its resources the most advanced fruits of modern technology. By the 1920's, the United States was a mature industrial nation; the industrial machine no longer had to expand capital resources and could shift the emphasis to consumer goods production.

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TEACHING PROCEDURES

MATERIALS

Initiatory activities:

1. As a pre-test, have the students write an essay, describing the impressions which they have gained from movies, TV, and books about American life in the 1920's. Ask them to name specific movies, books, and shows if possible. Have the students compare their impressions. Then ask: How valid do you think these impressions probably are? Have students retain their essays for later comparisons.

2. If activity #1 is not used, play E. R. Murrow's I Can Hear It Now, Vol. 3. for the years 1919-1929 to give the students the typically American kaleidoscopic view of the 1920's. Where necessary, give brief background sketches of the events and people. Ask: Can you identify any patterns or trends of the 1920's by listening to the records? (They probably cannot do so.) Suggest that pupils continue to look for these patterns or trends in the text and/or other readings. Explain why a pattern or theory is hard to find. (The era is too recent for perspective by historians, and many aspects of life seemed to change all at once, etc.)

Recording: I Can Hear It Now, Vol. 3, Columbia.

3. Have the students ask their grandparents and older neighbors about life in the 1920's as they remember it. Develop with the class a set of questions to be asked, including ones on Ford cars, silent movies, college life, prohibition, KKK, women's styles, the "emancipated women," etc. Discuss the reasons for having each student use a similar questionnaire.

A. IS CURIOUS ABOUT SOCIAL DATA AND HUMAN BEHAVIOR AND WISHES TO READ AND STUDY FURTHER IN THE SOCIAL SCIENCES.

S. Sets up hypotheses.

A. IS CURIOUS ABOUT SOCIAL DATA AND HUMAN BEHAVIOR AND WISHES TO READ AND STUDY FURTHER IN THE SOCIAL SCIENCES.

S. Reads for main ideas.

S. Identifies value conflicts.

S. Reads for main ideas.

S. Generalizes from data.

G. At any specific time, the total economic output is affected by the quantity and quality of productive resources (land or natural resources, labor, and capital goods), by the level of technology, and by the efficiency of the organizational structure.

A. An impressive increase in production was made po
1920's by greater mechanization, more efficient
and intensive research.

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A. An impressive increase in production was made possible in the 1920's by greater mechanization, more efficient management, and intensive research.

Use slides or bulletin board pictures to show consumer items characteristic of the 1920's such as cars, silent movies, radios, new suburban living, clothing, household gadgetry, etc. Indicate the year of as many of the inventions as possible. Also provide production statistics in the 1920's, profits made from these industries, etc. Have the class examine the display. Then ask: What changes in everyday life do you think these new consumer items probably brought?

Introduce the students to the wide range of fictional and biographical literature written on the 1920's. Let them browse through the books to find the ones that appeal to them. Give them guide questions to help them cull out the salient ideas about the 1920's in which we are interested in this unit: the increased use of consumer products and the affluent life which accompanied it, the value conflicts arising from the increased abundance, the dominance of the successful businessman in society, etc.

See Bibliography.

Have the students use different textbooks, suitable to their reading ability. They should skim the text chapter on the 1920's to gain an overview of the unit. Ask them to look for any pattern or trends which explain the 1920's, as they did in activity #2 above.

U. S. history textbooks of varie
reading levels.

velopmental Activities:

Show the Ford Motor Company's film, The American Road. Before the students begin to watch the movie, suggest points for them to consider as they watch it, such as the ways in which the automobile changed leisure time activities, work activities, family life,

Film: The American Road, Ford Motor Company.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

G. New inventions open up whole new fields of production.

A. IS CURIOUS ABOUT SOCIAL DATA AND HUMAN BEHAVIOR AND WISHES TO READ AND STUDY FURTHER IN THE SOCIAL SCIENCES.

S. Generalizes from data.

S. Applies previously-learned concepts and generalizations to new data.

G. Mass production, with its greater specialization and substitution of capital goods for labor, permits a reduction of costs.

G. Efficiency studies may increase output without increasing the amount of resource input by bringing about a different organization of production or increasing motivation for production.

1. Machine power replaced human labor at a startli
   (The assembly line and electric motor were most
   in this era.)
2. The application of F. W. Taylor's theory of scie
   management made for an enormous increase in eff
3. Intensive research made for better products and
   use of by-products.

B. The use of new mass consumer industries was marked
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2. The application of F. W. Taylor's theory of scientific management made for an enormous increase in efficiency.

3. Intensive research made for better products and better use of by-products.

B. The use of new mass consumer industries was marked in the 1920's.

   1. The mass-produced automobile led the list of new consumer goods.

residential living patterns, etc. and how the invention of the auto affected the economy as a whole. Also ask them to watch closely to find out if Ford applied Taylor's principles of scientific management to the auto industry. (It may be necessary to review Taylor's ideas from a previous unit.)

8. After the movie in #7 is shown, ask: How is the automobile industry different from the industries which we studied in the 1860-1915 period? (This discussion should bring out the idea it is a consumer industry as opposed to the heavy production-directed industries studied in the previous period. Be certain to discuss these questions: 1) Why was the low price of the Ford car significant? 2) Why was Ford able to keep the price low and still make profits? At some point raise the question: Did Henry Ford really make any significant advances in American industrial development? (If the students do not recall Ford's selection on mass production or the Taylor selection, used in the previous unit, review them here.)

G. A mature economy demonstrates that it has the technological and entrepreneurial skills to produce most things that it chooses to produce, given the available state of world scientific knowledge. Such an economy has the capacity to move beyond the original industries which powered its takeoff and to provide levels of living in which the masses of people consume far above the level of bare necessities.

S. Tests hypotheses against data.

S. Compares sources of information.

G. Every society provides for differentiation of status among its members. In some societies certain material objects become status symbols and are desired in part because of the status they indicate, not just for their material value.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

9. Review Rostow's stages of economic growth, giving particular emphasis to the characteristics of the stage of mass consumption. Utilize his comparative chart to show which nations are just beginning this stage. Have students think of other modern nations which are striving toward this stage.	Rostow, Stages of Economi
10. Have the students check their textbooks to see if they can find evidences of a mass consumption stage beginning in the 1920's.	Any U. S. History textboo
11. Have students read about what people of the period had to say about the automobile industry and its effects on their lives. Discuss the selections, emphasizing the car as a status symbol and the changes in everyday life which the acquisition of the auto produced. Compare the changes as seen by these contemporaries with those shown in the Ford film on The American Road. Ask: What groups of people were able to afford the car?	Mowry, ed., The Twenties, Flappers, and Fanatics 5, 8, 9.

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Compare the changes as seen by these contemp-
ose shown in the Ford film on The American Road.
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G. Economic wants of people seem never to be satisfied, since many goods and services must be replenished constantly as they are used up, since population is expanding, and since new inventions create new wants.

S. Generalizes from data.

G. Every society provides for differentiation of status among its members. In some societies certain material objects become status symbols and are desired in part because of the status they indicate, not just for their material value.

G. Economic wants of people seem never to be satisfied, since many goods and services must be replenished constantly as they are used up, since population is expanding, and since new inventions create new wants.

2. The production of radios, refrigerators, and
hold gadgetry was geared to the mass consume

3. The construction of suburban single-family
new roads rose rapidly.

4. The new canning industry made possible wides
bution of higher grade food products.

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2. The production of radios, refrigerators, and other household gadgetry was geared to the mass consumer.

3. The construction of suburban single-family housing and new roads rose rapidly.

4. The new canning industry made possible widespread distribution of higher grade food products.

12. Perhaps have a group of students use magazine articles to prepare a report comparing the impact of the automobile in Germany and Italy in the 1950's with its impact in the United States in the 1920's.

Use Reader's Guide.

13. If activity #5 was used, ask: What types of consumer products other than the automobile did you find described in your books as either desired or in general use? (e.g. movies, radios, household gadgetry, etc.) Compare the attitudes toward these consumer products as status symbols with the attitude toward the automobile as a status symbol. Also discuss: How widespread was the use of such products? Did more people have an opportunity to use them than could purchase automobiles? Did they seem to desire them as much?

    If activity #5 was not used, have a group of students read selections from Mowry and report to the class on the points outlined above.

Mowry, ed., The Twenties, Fords, Flappers, and Fanatics, Selections 10-13.

G. Demand is affected by the supply of money and credit and also by the velocity with which money changes hands.

G. Firms may compete with each other by heavy advertising to make their products better known and so increase the demand for them rather than for competing products.

G. The quantity of a specific product or service which will be demanded at a specific price depends upon: (a) consumer desires, (b) availability of alternative goods and services, (c) the prices of alternative goods and services, (d) the amount of money consumers have and are willing to spend.

5. Ingenious sales techniques were devised to promote th new mass-consumer industries.

14. If activity #4 was not used previously, it can be used here as and alternative to activity #13. The one aspect of discussion in #13 which would not be evident if activity #4 is used instead, deals with the attitudes and groups of people involved. Students could make intelligent guesses, however, and the teacher can tell them how accurate these guesses are.

15. As another alternative to activity #13, show the movie The Golden Twenties. Suggest that the students watch for examples of conspicuous consumption: cars, radios, refrigerators, movies, clothes, etc. Following up the movie by discussing the points listed in activity #13.

Film: The Golden Twentie
McGraw Hill, 68 min.

16. Review what students learned from the articles on the automobile about the selling techniques used to sell automobiles. Now have pupils read other articles about selling techniques. Discuss: How wisespread were the techniques used in the auto industry? How did they change consumption patterns? How did credit compare with an increased money supply in affecting demand? Why did the new mass production industries use such techniques? How did producers compare with each other in ways other than reducing prices?

Mowry, ed. The Twenties,
3 and 4 (and review

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Mowry, ed. The Twenties, Selections 3 and 4 (and review 5.)

G. Demand is affected by the supply of money and credit and also by the velocity with which money changes hands.

S. Sets up hypotheses.

S. Tests hypotheses against data.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

S. Sees meaningful differences between eras; notes relationships within any era between institutions and cultural assumptions.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural

C. Although the impressive increase in productivity achieved without any expansion of the labor forc whole, one segment of the work force, the white workers, increased rapidly in the 1920's.

1. The professional technician came into his own the increased use of efficient machinery.

2. The new consumer industries demanded an incre force and an efficient office staff. These t in turn, increased the ever-growing sales out

3. The white collar worker created a new middle America.

   a. Unlike the old middle class of the 19th c it was dependent on the industrial machin for its status and its livelihood.

   b. This new middle class was urban, and incr suburban, unlike its rural based 19th cen predecessor.

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C. Although the impressive increase in productivity was achieved without any expansion of the labor force as a whole, one segment of the work force, the white collar workers, increased rapidly in the 1920's.

1. The professional technician came into his own with the increased use of efficient machinery.

2. The new consumer industries demanded an increased sales force and an efficient office staff. These two groups, in turn, increased the ever-growing sales output.

3. The white collar worker created a new middle class in America.

    a. Unlike the old middle class of the 19th century, it was dependent on the industrial machine both for its status and its livelihood.

    b. This new middle class was urban, and increasingly suburban, unlike its rural based 19th century predecessor.

17. Have the students read (or have one student read and report to the class) the selection by Daniel in Mowry. Discuss fully what installment buying means as well as the economic problems it creates. Compare the installment buying of the 1920's with that of the 1960's. (Have students skim newspaper ads to see present day techniques of encouraging credit buying.)

Mowry, selection #5.

18. Ask: What changes in the type of work force do you think the new consumption industries would produce? What types of jobs would the new consumer industries develop? (selling, advertising, office work, technical crafts, etc.) Would there be an increase in the number of factory workers on the assembly line? Why or why not?

Give the class data on changes in the composition of the work force in the 1920's. Have them check their hypotheses against this data.

Mills, White Collar, Ch

19. Ask: To what class did the people filling these new jobs (selling, advertising, office work, professional technicians) belong? From their previous reading, students should be able to identify the class indicators of the 1920's as well as see that this new group is obviously an urban and suburban one in orientation. Point out, if students do not, that this new white collar group is probably middle class, although the class indicators have changed from the nineteenth century. A comparison between this new middle class with its new interests, demands, and problems should be made with that of the traditional American middle class of either the Jacksonian or Progressive era.

Teacher should consult
White Collar for
and interpretatio

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Mills, White Collar, Ch. 4.

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of the traditional American middle class of either
or Progressive era.

Teacher should consult Mills,
White Collar for needed data
and interpretations.

G. Whenever things valued by a society are scarce, there will be differential access to and control of these valued and scarce things by sub-groups within the society.

G. Members of a class can move out of the class by various means, and this mobility may be up or down.

G. Class membership has certain effects on life and behavior. These effects are known as class correlates.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

S. Sees meaningful differences between eras; notes relationships within any era between institutions and cultural assumptions.

II. Changes in one aspect of culture will have
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II. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system. To the people of the 1920's, all other aspects of life seemed subordinated to the pursuit of wealth and the emulation of the successful.

A. The affluent style of life, promoted by the consumption economy, seemed to alter some of the traditional virtues of American society. The nineteenth century American with his set of personal characteristics adapted to an economy of scarcity seemed to give way to a new twentieth century American whose persoanl characteristics were geared to an economy of abundance.

1. A new conviction developed that thrift could be socially harmful and spending a virtue, thus reversing the traditional value of saving. Business developed ingenious methods to transform anxiety about scarcity into a desire for luxury consumption.

20. Discuss: Why did the consumer industries have to work so hard at selling their products? This discussion should center around the change which had to be wrought in the traditional American value of thrift. If students do not bring up Ashdown's article, have them re-read it. Make certain they understand the value conflict which he has between his well-developed Protestant ethic and his desire to acquire the latest status symbol. Conclude discussion with these questions: Does Ashdown really approve of his behavior and that of his fellow members of the middle class?

Mowry, ed., The Twenties,
Selection #8.

Also ask: What happened to the American concept of debt in the 1920's? How did the concept of debt in the 1920's compare with that of the Franklin era? and with that of the present day? Was the change in attitude toward debt necessary for the United States to enter fully into the age of mass consumption? Why or why not? Was this change in values good or bad for American society? Why or why not?

a. The acquisition of certain products becam of social prestige.

b. Installment buying made conspicuous consu for a greater number of people. Debt no shameful as it had been in the nineteenth

S. Generalizes from data.

S. Sees meaningful differences between eras; notes relationships within any era between institutions and cultural assumptions.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

2. The so-called "status revolution" earlier in century undercut the authority of men who ha American moral standards: the professional especially ministers, lawyers, and teachers; gentry; the farmer; the urban patricians. Th urban minorities and *arriviste* businessmen w not equipped, nor even aware of the need to standards or to create new ones.

3. The development of personality rather than c stressed in the new affluent society.

   a. Personality, the ability "to see" oneself to be the key to material and social succ

   b. Since the new affluent man was especially of the approval of others, he became incr "service" oriented; thus voluntary associa once again flourished in American society.

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b. Installment buying made conspicuous consumption possible for a greater number of people. Debt no longer was shameful as it had been in the nineteenth century.

2. The so-called "status revolution" earlier in the century undercut the authority of men who had set American moral standards: the professional classes, especially ministers, lawyers, and teachers; the rural gentry; the farmer; the urban patricians. The new urban minorities and *arriviste* businessmen were frequently not equipped, nor even aware of the need to support old standards or to create new ones.

3. The development of personality rather than character was stressed in the new affluent society.

   a. Personality, the ability "to see" oneself, seemed to be the key to material and social success.

   b. Since the new affluent man was especially desirous of the approval of others, he became increasingly "service" oriented; thus voluntary associations once again flourished in American society.

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21. Using the materials they have already read or seen, each student should write an essay in which he attempts to describe values other than thrift which he thinks were affected by the new era of mass consumption. Have them give specific examples where possible. Suggest that they use the following questions to guide their thoughts on this subject: (1) If conspicuous consumption was widely adopted, what would become of the basis for judging people? Is this basis new or old in American history? (2) What determined "success or failure" in the 1920's? Were the standards for judging success and failure the same as they had been in the era of Franklin, Jackson, or Rockefeller? (3) What personal value conflicts did the people of the era seem to have? etc. Encourage the students to speculate on these questions, using the implications which they found in the reading and films. Tell them that the class will later discuss these speculations and try to evaluate them.

    Discuss the ideas on value conflicts and value changes which appeared in the student essays. Have the students give their specific examples in class, so that the class can evaluate them.

S. Reads for main ideas.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

G. All institutions in a society are interrelated; because of these interrelationships, a change in one institution is likely to affect others.

S. Compares sources of information.

S. Checks on the bias and competency of sources.

B. Family life, which had been undergoing
change from the beginning of the indus
affected even more in the affluent age

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B. Family life, which had been undergoing economic and social change from the beginning of the industrial era, seemed to be affected even more in the affluent age of the 1920's.

1. No longer a productive economic unit, the urban and suburban family became a consumption unit whose social prestige was measured by its conspicuous possessions: house, car, refrigerator, etc.

2. The new affluence made entertainment outside the home more feasible and desirable. The automobile, the movie theater, the service organization, etc., all drew various family members outside of the confines of the home.

3. The status of women seemed to be undergoing a fundamental change.

   a. Household gadgetry, plus newly available office positions, made it possible for women to leave the home and to join the work force in greater numbers than ever before.

   b. The "liberated" women of the 1920's demanded the same freedom of movement that men had, as well as the same economic and political rights.

   c. Women, as well as men, placed greater demands on marriage and thus had greater expectations of it. That the greater expectations were not always fulfilled is shown by the sharp increase in the divorce rate in the 1920's.

4. The parent-child relationship also seemed increasingly uncertain as the home continued to lose some of its functions to outside agencies.

22. Have students read the selections on marriage, child rearing, housekeeping, leisure activities, and clubs in the sociological study of Middletown. They should look for changes occurring in values and habits in the 1920's as well as for continuity with the past. Class discussions should be held on individual selections to make certain the students see the problems which the people of Middletown thought they faced.

Have students compare and contrast the conclusions found in the Middletown study with those which they come to as a result of reading the fictional and biographical literature of the 1920's.

Give an informal lecture presenting sociologists' arguments about the validity of the Middletown study.

Lynd and Lynd, Middletown,
(on marriage), pp. 132-13
reading); pp. 154-158, 171
housekeeping); pp. 251,25
(on recreation); pp. 272, 2
clubs).

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Lynd and Lynd, *Middletown*, pp. 115-117 (on marriage), pp. 132-137 (on child reading); pp. 154-158, 171-173 (on housekeeping); pp. 251,253-254, 257-263 (on recreation); pp. 272, 285-287 (on clubs).

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

5. The new affluent Americans of the 1920's see with sex and developed new attitudes toward the forms of mass media, but particularly th tabloid and the movies, exploited this new o gained great profits from it.

S. Compares sources of information.

S. Checks on the completeness of data.

S. Checks on the accuracy of data.

S. Generalizes from data.

A. IS CURIOUS ABOUT SOCIAL DATA.

C. Politics in the twenties served the needs of bi

S. Looks for relationships among events.

5. The new affluent Americans of the 1920's seemed obsessed with sex and developed new attitudes toward it. All the forms of mass media, but particularly the newspaper tabloid and the movies, exploited this new obsession and gained great profits from it.

C. Politics in the twenties served the needs of big business.

24. Have a small group of students read Mowry's selections on "Freedom for the Second Sex." Have them report to the class on the changes in attitudes which appeared in relationship to courtship, marriage, rearing of children, dress, and alcoholic consumption. Have the group of experts on Middletown (#23) compare and contrast their findings with that of the Mowry group.

Mowry, ed. The Twenties,
Selections 30-35.

25. Have the students re-read their essays prepared in activity #21. Ask them to re-write the essay, evaluating their earlier conclusions in light of the reading and discussion which they have done since they wrote them. Tell students to include any new conclusions which they have arrived at subsequent to their original writing. Ask them to answer this question, if possible: What factors are responsible for the differences which occurred between their original and final essays?

26. As an introduction to the political sector of the unit, play a recording about political events of the 1920's. In the discussion which follows try to determine what the students already know from their previous readings about the politics in the 1920's, concentrating especially on these points: popular opinion toward politics and politicians, politicans' attitudes toward business, businessmen's attitudes towards politicians, significance of elections.

Recordings: Replay sele
of I Can Hear It No
Columbia Records.

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inessmen's attitudes towards politicians, significance

Recordings: Replay selected parts
of I Can Hear It Now, Vol. 3,
Columbia Records.

S. Looks for relationships among events.

S. Reads for main ideas or to answer questions.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

S. Sees meaningful differences between eras; notes relationships within any era between institutions and cultural assumptions.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

1. Harding, Coolidge, and Hoover frankly dedicated the Federal government to the interests of businessmen and a business civilization.
    a. The government created new agencies to advise and aid big business.
    b. The anti-trust agencies were filled by lawyers and businessmen whose interest was the protection of big business.
2. The Supreme Court rendered decisions favorable to the corporate powers, thus encouraging their growth.
3. Both politicians and businessmen encouraged the people to believe that prosperity would continue indefinitely if business had its way, without any governmental inte ference.

27. Have the students re-read the text sections dealing with the politics of the 1920's. Give them questions to guide their reading, such as: (1) What was the attitude that governmental officials had toward business? (2) Was this attitude new or traditional? (3) In what ways was governmental policy affected by business dominance in the 1920's?

U.S. history textbooks of varied reading levels.

28. Read to the students Calvin Coolidge's address to the Chamber of Commerce of New York. Discuss the following: (1) Are these attitudes expressed in the speech typical of those of governmental officials in the 1920's? (2) Is Coolidge in the tradition of Theodore Roosevelt? McKinley? Grant? (3) Is Coolidge truly realising the hopes of Washington? (The students should be able to discuss these questions on the basis of the reading already done and on the basis of knowledge gained in the previous unit. Be sure to ask students to explain their answers.)

See Traverso, ed. The 1920's, Rhetoric and Reality.

G. Any decision is, in part, a product of the internalized values, the perceptions, and the experiences of the persons making the decision.

G. Any decision is, in part, a product of the internalized values, the perceptions, and the experiences of the persons making the decision.

S. Takes effective notes on lectures.

S. Generalizes from data.

S. Sees meaningful differences between eras; notes relationships within any era between institutions and cultural assumptions.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

29. Give a lecture both on the attitudes of the Supreme Court and the federal commissions toward business in the 1920's. It would be best to concentrate on the background of the men on the court and commissions and their attitudes toward business. It is not necessary to do a detailed study of the court cases, as a few illustrations to prove the generalizations in Kelly and Harbison will suffice.

Kelly and Harbison, *The America*
Constitution, Chap. 26 and
679-701, 704-708, 711-715

Have pupils take notes on this lecture. Collect them and make suggestions for improving them.

30. Discuss: Did the political leaders of the 1920's reject the Progressives of the 1900-1914 generation? This discussion should include such points as the following: (1) the type and style of political leadership in the two periods, (2) the groups which the Progressives and the Twenties' leaders represented (3) voter interest and participation in the two periods, and (4) the effect that the changes in the nature of industrialism in the 1920's had both on governmental officials and on the voters.

G. Conflict is a struggle over values and claims to scarce status, power, and resources in which the aims of the opponents are to neutralize, injure, or eliminate their rivals.

G. In political conflict the conflicting sides attempt to use the authority of the political system to win the conflict.

G. The individual participant in the political process has attitudes, outlooks, values, and goals which have been learned through a process of political socialization.

III. Conflict is a struggle over values and claims to scarce stat power, and resources, in which the aims of the opponents are to neutralize, injure, or eliminate their rivals. Rural-urb conflict, which had existed for decades became more intensiv as the old order fought to preserve the traditional values. Those who accepted the affluent urban and suburban life of t 1920's consciously rejected rural values and society and mad no attempt to conceal their contempt for small town America. Rural leaders, who were steadily losing power and prestige over the past several decades, attacked in turn the city as the Modern Gomorrah; political fundamentalism was an attempt deny any real division in American society by imposing a patriotic cult and coercing a sense of oneness.

G. Generalizes from data.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

A. Efforts toward social change were condemned as un-America and the Constitution was worshipped more than ever before

B. Everything "foreign" was also condemned.

   1. Isolation in foreign affairs was advocated.

   2. Curbs on immigration were sought to preserve "Old Ameri before it was too late.

31. To provide a link between politics in the 1920's and the rural-urban conflict, discuss: Why did the election of 1928 generate so much more excitement than those of 1920 and 1924? From their readings the students will have obtained ideas which can be explored here, such as the Catholic issue, the prohibition issue, rural-urban conflict, etc.

Make available a wide variety of readings and materials on the election of 1928 and on the rural-urban conflict of the 1920's. Have the students consider these questions as they read: (1) In the election of 1928, what did Herbert Hoover symbolize for many Americans? What did Al Smith symbolize? (2) What were the real issues in the campaign? Why was the election so bitterly contested? (3) Who supported which candidates? Did this support come from traditional Republican and Democratic areas?

Any U. S. history textb
Lorant, The Presidency;
Age of Reform, chap. on
(pp. 283-299). Lorant,
History of the American
American Heritage artic
Traverso and Halsey, ed
1920's, selections from
etc.

Have some students do background reading on prominent issues considered in Mowry's selections on "The Dry Crusade" and "Intolerance" and in Traverso's and Halsey's selections on the KKK and prohibition.

The next activities provide for discussion of these readings. It would be wise to hold these activities in their proper sequence.

32. Hold a class discussion on the issues of the 1928 campaign: prohibition, intolerance, and prosperity. Since prosperity and governmental business attitudes have already been handled in earlier activities 27-31, deal with them only briefly and concentrate on the other two issues. It may be wise to hold two separate discussions: (1) on the issue of prohibition--its origins, purposes, supporters, opponents, problems and failures; (2) on the issue of intolerance--its origins, purposes, supporters, opponents, and relative strength.

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discuss: Why did the election of 1928 generate
itement than those of 1920 and 1924? From their
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e of intolerance--its origins, purposes, supporters,
relative strength.

Any U. S. history textbooks.
Lorant, The Presidency; Hofstadter
Age of Reform, chap. on Hoover
(pp. 283-299). Lorant, Pictorial
History of the American Presidents.
American Heritage articles.
Traverso and Halsey, eds., The
1920's, selections from Hoover,
etc.

G. Frustration may result in aggression. When people are frustrated by events seemingly beyond their control, the aggression may be turned against others who become scapegoats.

C. Fears of changing elements within the United States
the growth of the KKK and other "patriotic" organiz
which opposed Negroes, immigrants, Catholics, and J

D. Alcohol was attacked as the mainstay of the immigra
of the city and of the arriviste rich. Prohibition
had been advocated for several generations, became
order of the day.

E. The presidential candidacy of Al Smith and the oppo
to him seemed to symbolize these forces in the stru
over the nature of the future American society.

1. Smith personalized the desire of sons of urban i
to make a place for themselves in national polit
also represented the other features of the city
the rural people disliked: city bossism, Cathol
and free use of alcohol.

2. Hoover, though a successful businessman, represe
at least in his origins, the older rural America
many people.

3. Although Hoover was overwhelmingly elected, Smit
succeeded in gaining the allegiance of the citie
the Deomocratic party and thus laid the foundati
the urban-based Democratic party of the 1930's.

A. IS CURIOUS ABOUT SOCIAL DATA.

IV. In a depression or recession productive resources are
to capacity or are not fully employed. The cost to so
what might have been produced if they had been fully e
Thus depressions and recessions result in a drop in th
National Product and national income. The prosperity

y result in aggression.
e frustrated by events
nd their control,
may be turned against
ome scapegoats.

C. Fears of changing elements within the United States led to the growth of the KKK and other "patriotic" organizations which opposed Negroes, immigrants, Catholics, and Jews.

D. Alcohol was attacked as the mainstay of the immigrant masses of the city and of the arriviste rich. Prohibition, which had been advocated for several generations, became the order of the day.

E. The presidential candidacy of Al Smith and the opposition to him seemed to symbolize these forces in the struggle over the nature of the future American society.

   1. Smith personalized the desire of sons of urban immigrants to make a place for themselves in national politics. He also represented the other features of the city which the rural people disliked: city bossism, Catholicism, and free use of alcohol.

   2. Hoover, though a successful businessman, represented at least in his origins, the older rural American to many people.

   3. Although Hoover was overwhelmingly elected, Smith succeeded in gaining the allegiance of the cities to the Deomocratic party and thus laid the foundation for the urban-based Democratic party of the 1930's.

UT SOCIAL DATA.

IV. In a depression or recession productive resources are not used to capacity or are not fully employed. The cost to society is what might have been produced if they had been fully employed. Thus depressions and recessions result in a drop in the Gross National Product and national income. The prosperity of the

Now lead a discussion comparing the prohibitionist and intolerance movements. Questions to be cnnsidered: Did they have the same sources of strength? Did they have the same sources of opposition? Did they have the same aims?

Also discuss the candidates of the 1928 election. Ask: What did Hoover and Smith symbolize in 1928? (Make certain students use Hoover's pre-depression image.) The discussion should include the men's background, supporters, personal appeal, etc. Be sure to include in this or in a follow-up discussion an analysis of the images which farmers and urbanites held of one another in the 1920's.

Finally, discuss: Was the election of 1928 the final victory of rural America in its struggle against the changing nature of American society? A thorough analysis should be made of the 1928 election, both from the readings and discussion and from additional data and theories available to the teacher in Leuchtenberg.

Leuchtenberg, Peri

33. Read aloud quotations from some of U.S. government and business leaders in 1928 and 1929 to the effect that prosperity would continue --that the U.S. did not need to fear any

Galbraith, Great Crash,
75.
Bernstein, The Lean Yea

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Leuchtenberg, Perils of Prosperity.

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Galbraith, Great Crash, 6, 18, 31, 57, 75.
Bernstein, The Lean Years, p. 247.

1920's came to an abrupt end in 1929. The depression of the 1930's which followed was longer than any in U. S. history and had serious psychological as well as material effects upon the American people.

A. IS CURIOUS ABOUT SOCIAL DATA.

S. Interprets cartoons.

G. A depression or recession results in unemployment.

A. IS CURIOUS ABOUT SOCIAL DATA.

A. IS CURIOUS ABOUT SOCIAL DATA.

depression. Then remind pupils of the record they heard earlier on the period of the 1920's. What happened in 1929?

Recording: I Can Hear It Now, vol.

Perhaps replay the part of the Morrow recording dealing with the stock market crash and the onset of the depression.

4. Give pupils an attitudes scale on topics such as unemployment, the poor, the government's role in promoting prosperity, etc. Discuss class results rather briefly, noting differences of opinion. Use these differences to arouse interest in finding out more about topics.

5. Show the class some of the cartoons which appeared on unemployment and the depression during the 1930's. Discuss attitudes portrayed by cartoonist. (Also discuss the cartoonists' devices for trying to affect attitudes.)

6. Ask: Have you ever heard your parents or grandparents discuss the depression of the 1930's? What kinds of remarks have they made about it? What attitudes have they expressed?

7. Read aloud quotations or show pupils examples of references to the depression period in presidential elections after World War II. (Try to use recent as well as earlier elections.) Such quotations should show the impact which the depression had on people.

. Distinguishes between facts and estimates.

. A depression or recession results in unemployment.

. IS CURIOUS ABOUT SOCIAL DATA.

. Misallocation of resources costs consumers what they could otherwise have had. The alternative cost of unemployed resources during a depression or recession is what could have been produced if existing resources had been put to work.

S. Is alert to incongruities, recognizes problems, and is concerned about them.

G. Misallocation of resources costs consumers what they could otherwise have had. The alternative

A. The depression led to mass unemployment, sharp reduction in wages and salaries and other income, much lower prices, many business and bank failures, and in general to a drastic reduction in GNP and in living levels. The period was marked by what some have called "A Paradox of Poverty in the Midst of Plenty."

38. If possible, have a pupil obtain photographs of the depression years from the local library. He should prepare bulletin board displays on one of the following topics: (a) The Farm Revolt of the 1930's, (b) Migrant Farmers of the 1930's, (c) Sharecroppers of the 1930's, (d) Unemployment during the Depression, (e) Depression Shantytowns. If such pictures are not available for posting, show a few photos of such scenes to arouse interest in the depression years.

39. Have pupils examine tables showing unemployment from 1929-1941 and the total number of workers who wanted work. Ask: What proportion of the workers were unemployed? Now cite other estimates of the total number unemployed. Ask: Why do you think these figures differ?

Daughtery, Under
Growth, p.
Merill and Halse
to Economic
Smolensky, Adjus
and War, p.

Discuss: Suppose you had lost a job and had taken to selling apples on the street to earn a living. Should you have been counted among the unemployed? Would you have considered yourself unemployed? What other problems would arise in establishing criteria by which to judge whether or not a person is unemployed? In counting the number of unemployed?

Say: Suppose you were asked to describe the cost of this unemployment? What would you consider?

40. Have pupils read brief accounts of the effects of the depression on employment, wages, and business failures, and of the destruction or waste of food and fuel, etc. Discuss: Why has this period been described as a "Paradox of Poverty and Plenty?"

West, Merideth,
Contemporary
Shannon, ed., Th
pp. 26-28.
Merrill and Hals
to Economic
18.

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Daughtery, Understanding Economic Growth, p. 94.
Merill and Halsey, eds., Responses to Economic Collapse, p. 26.
Smolensky, Adjustments to Depression and War, p. 17.

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West, Merideth, and Wesley, Contemporary Problems, pp. 360-361.
Shannon, ed., The Great Depression, pp. 26-28.
Merrill and Halsey, eds., Responses to Economic Collapse, pp. 14-18.

cost of unemployed resources during a depression or recession is what could have been produced if existing resources had been put to work.

G. A depression or recession results in unemployment.

G. A depression or recession results in a rise of business failures and less than full use of existing productive resources.

G. A depression usually results in a fall in prices.

G. A long depression usually results in a drop in wages, either in wage rates or in overall wage income because of loss of overtime or a cut in the hours of work.

G. It is demand, backed by the ability and willingness to pay for goods at specific prices, which affects the market; people's wants do not affect the market unless they are turned into effective demand.

Smolensky, Adjustment to D
and War, pp. 5-17.
Leuchtenberg, Franklin Roo
the New Deal, pp. 1-3
22-30.
Bernstein, Lean Years, pp.
261.
Bird, The Invisible Scar,

41. Have a pupil draw a series of cartoons illustrating the reactions of people during the 1930's to the "Paradox of Poverty and Plenty."

Smolensky, *Adjustment to Depression and War*, pp. 5-17.
Leuchtenberg, *Franklin Roosevelt and the New Deal*, pp. 1-3, 18-19, 22-30.
Bernstein, *Lean Years*, pp. 254-255, 261.
Bird, *The Invisible Scar*, p. 107.

a series of cartoons illustrating the reactions
he 1930's to the "Paradox of Poverty and Plenty."

G. Democracy does not bear up well in societies in which basic dissatisfactions with the social and economic institutions prevail and become the focus of political competition.

S. Draws inferences from tables, graphs and charts.

S. Checks on the completeness of data and is wary of generalizations based on insufficient evidence.

S. Applies previously-learned concepts and generalizations to new data.

G. Levels of living are affected by the amount of goods and services which money incomes can buy, not just by changes in money incomes which may be offset by changes in prices.

The cartoons should be made large enough to post on the bulletin board, or they should be made on standard slides or on transparencies for projection.

42. Discuss the potential danger to democracy of a serious depression. Ask pupils to imagine that they had been unemployed and hungry while food was destroyed. Ask: How would you have felt? Now compare some of the percentages of U. S. unemployment with those in Germany when Hitler came to power. Very briefly point out what some have felt was the relationship between his rise and unemployment. What other kinds of political movements might the unemployed turn to? Suggest that pupils try to find out whether the depression years did see a rise in membership in such political groups or other radical groups of the left or right.

43. Have pupils examine a table showing what happened to the national income and to salary and wage income in this country from 1929 to 1941 or from 1929 until today. Ask: What does this table show about what happened to living levels? What else would we need besides the table on salaries and wages to decide what had happened to living levels?

Merrill and Halse
to Economic
Economic Report c
pp. 240-244.

Now show pupils a table showing consumer index changes for this period. Ask: What happened to real wages during the depression years?

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Merrill and Halsey, eds., Responses to Economic Collapse, p. 27.
Economic Report of the Pres. 1965, pp. 240-244.

ls a table showing consumer index changes for this
What happened to real wages during the depression

S. Increases accuracy of observation through use of indices.

S. Checks on the completeness of data.

G. Levels of living are affected by the amount of goods and services which money incomes can buy, not just by changes in money incomes which may be offset by changes in prices.

G. People's ideas of what constitutes an adequate level of living on one hand or poverty on the other changes as average living levels change.

S. Uses simple statistical devices for analyzing data.

44. The students should understand differences between current dollars and constant dollars. To demonstrate fluctuating prices, have the class construct a cost-of-living price index for their local community. Have each student select a few items about which he can gather price data from local stores. As this is gathered point out problems of sampling, regional and seasonal variations, etc.

Wallace, William S. "
Our Own Cost-of-L
Social Education,
pp. 283-284. Exp
local price index
structed by stude

45. Discuss any recent statements about poverty in this country and the kind of salary or wage needed to have a minimum standard of living at the present time. (Or have pupils try to decide what they think such a minimum must be in the local area and then have a pupil check with local relief agencies to find out what these agencies set as a basic figure.)

Now have pupils examine a table showing consumer price indexes for the period of the present day and the depression period of the 1930's. Have them also look at tables showing average wages per week in industry and in different occupations including farming during the 1930's. Have them figure out the change in prices from the depression days until now and work out a table on real wages for the depression period in terms of present-day prices. Have them compare these wages with those which they or local relief agencies think are bare minimums today. Ask: Do you think the average wages in different occupations met the needs for a minimum level of living as we would think of it today? Do you think that people's ideas about what is a minimum level of living might change? Why? As they study this unit, pupils should try to find out if the wage incomes of the 1930's met what people then thought of as a minimum standard of living.

Weisbrod, Ec. of Pover
7-14.
Economic Report of the
1965, pp. 240, 24
206ff.

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t dollars. To demonstrate fluctuating
ass construct a cost-of-living price index
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Wallace, William S. "Let's Make
Our Own Cost-of-Living Index,"
Social Education, 13 (Oct., 1949),
pp. 283-284. Explains how a
local price index was con-
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ndard of living.

Weisbrod, Ec. of Poverty, pp. 1-3,
7-14.
Economic Report of the President
1965, pp. 240, 244, 223-226,
206ff.

S. Interprets tables and charts.

G. A depression or recession results in a rise of business failures and less than full use of existing productive resources.

G. A long depression usually results in a drop in wages, either in rates or in overall wage income.

G. Division of labor and specialization can make possible increased production but also lead to greater interdependence.

46. Have a pupil construct a chart showing income distribution and a series of charts showing how much people in different income groups could buy in 1935-1936. He should show them to the class. Discuss charts in terms of what they indicate about living levels in this period.

Sc

47. Have students examine a table of the number of retail stores in 1929 which had gone out of business by 1939. Ask: What does this data indicate about economic conditions? Also have pupils examine a table showing bank suspensions from 1929 to 1935.

Discuss: What do you think these suspensions meant for the country as a whole? For the people who had money deposited in these banks?

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48. Show and discuss the film: Bank Holiday Crisis of 1933.

Or have a pupil report on the bank crisis facing Roosevelt when he took office and his bank moratorium. Show pupils pictures of lines of people waiting to take money out of banks.

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See Appendix.

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"Selected Readings on the Depres
of the 1930's."
Merrill and Halsey, eds., Respon
to Economic Collapse, p. 29
(Bank suspensions).

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Film: Bank Holiday Crisis of 19
30 min., CBS Television, Di
tributed by Young America F
Werstein, National Fights Back,
p. 112 (picture).
Leuchtenberg, Perils of Prosperi
Mitchell, Depression Decade.
Wecter, Age of the Great Depress

S. Distinguishes between facts and estimates.

G. Misallocation of resources costs consumers what they could otherwise have had. The alternative cost of unemployed resources during a depression or recession is what could have been produced if existing resources had been put to work.

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G. A depression or recession results in unemployment.

G. A depression or recession results in a rise of business failures and less than full use of existing productive resources.

G. A depression usually results in a fall in prices.

49. Project a chart or have a pupil prepare a chart showing the cost of the depression in terms of the value of what could have been produced during the depression period. Show another comparing this loss in production to the cost of all U. S. factories in a particular year or the present budget of the U. S., etc. Discuss: Why can we deal only with estimates here? How do you think these estimates were made?

50. Have a pupil read local newspapers for the last week of February and the first week of March, 1933 or for any two weeks in 1933, to locate information about how the depression affected the local area. He should report to the class on such things as prices (as seen in advertisements), unemployed, relief, bank failures, etc.

    Or have a pupil investigate other sources on what happened in his own state and report to the class.

    Or several pupils might prepare a booklet on "Our Community During the Depression Period " or "Our State During the Depression." They should include copies of newspaper articles which appeared at that time, and prepare their own articles

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Samuelson, Economics, p.
West, et.al., Contemporar
p. 360.

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Use Public Library newsp

investigate other sources on what happened in
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For Minnesota see:

Mayer, Political Career
Olson, pp. 107, 12
Leuchtenberg, Franklin
p. 95.
Time, April 16, 1934, p.
Shannon, Great Depressio

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April 16, 1934,
on, Great Depres

G. A long depression usually results in a drop in wages, either in wage rates or in overall wage income because of loss of overtime or a cut in the hours of work.

G. It is demand, backed by the ability and willingness to pay for goods at specific prices, which affects the market; people's wants do not affect the market unless they are turned into effective demand.

S. Gains information through interviews.

S. Increases the accuracy of his observations through the use of questionnaires.

G. Different groups in society are affected differently by depressions and inflation. However, all groups are affected

B. Different groups in soc
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B. Different groups in society are affected differen
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51. Have several pupils read sections of Middletown in Transition, conditions in Middletown in the mid-1930's. They should tell class how life in Middletown had changed since the earlier stu of the 1920's.

52. Have students formulate some questions to ask their parents and/or grandparents about how the depression affected them and their families. Then have pupils interview parents and/or gra parents. Discuss their findings in class. Pupils will soon s that people were affected differently. Discuss possible reaso for these differences.

Or have several pupils interview some of the teachers in the s who are old enough to remember the depression clearly. Pupils might ask them how the depression affected them. Or they migh interview several of the older highly respected members of the community and ask the same questions.

l and Lynd, *Middletown in*
nsition.

G. People on fixed incomes can buy more with their money during periods of low prices and less in periods of inflation.

G. People counting on fixed incomes may find that these incomes disappear during depressions, since debtors may not pay debts, insurance companies may fail, and banks may fail.

G. Even those people who continue to have relatively good incomes are affected by depressions because of added governmental burdens during hard times.

1. Those on fixe
stable salari
However, many
failures, los
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ng hard times.

1. Those on fixed incomes (savings, ins
stable salaries) are usually helped
However, many people in these groups
failures, lost insurance payments th
companies, and lost their jobs or so
though they continued to work (as in
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ments, relatively
in prices.
ngs in bank
ure of insurance
re not paid even
of Chicago

Or invite a highly respected member of the communi
teacher to class to describe how the depression af
and his family and friends.

53. Ask: What would happen to the real income of peop
relatively fixed incomes--whose incomes did not dr
dropped drastically? Use the blackboard to help s
stand what happens to real incomes of such groups.

Now ask: What groups would have relatively fixed
would be the sources of their incomes? From what
so far, what do you think happened to those people
pression? If necessary, remind the class of bank
failures of insurance companies. Give examples of
pay certain groups such as the Chicago school teac
students to look for examples of any people in suc
lost incomes during the depression of the 1930's,
about the depression years.

S. Draws inferences from tables.

G. Living levels are affected by the amount of goods and services which money incomes can buy, not just by changes in money incomes which may be offset by changes in prices.

G. Different groups in society are affected differently by depressions and inflation. However, all groups are affected because of the interdependence of society.

G. A long depression ususually results in a drop in wages, either in wage rates or in overall wage income because of loss of overtime or a cut in the hours of work.

G. Debtors find it hard to pay back debts in periods of deflation when money is worth more and their income is less.

2. Those whose incomes usually change
go up or down are likely to lose m
than those on fixed incomes.

3. Those who have borrowed money in go
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especially, if prices of things the
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2. Those whose incomes usually change fairly rapidly as prices go up or down are likely to lose more during a depression than those on fixed incomes.

3. Those who have borrowed money in good times find it very hard to pay the money back when prices drop drastically, especially, if prices of things they sell or their wages drop more than prices of things they must buy.

54. Ask: What groups would tend to have their wages cut most quickly during a depression? Show pupils tables of changes in the consumer price index as compared to changes in wages in certain industries during the depression. Did wages go down more rapidly than the consumer price index or more slowly? What happened to living levels of people working in these industries?

Ec. Report of P
pp. 223, 23

55. Use figures on the chalkboard to show what happens to a person who has borrowed money in good times and now must pay it back in depression times. (Use farmers who borrowed money during World War I or during the 1920's as an example.) Ask pupils to look carefully to see what happened to farmers who were in debt as they study farmers during the depression.

See Appendix.

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G. Living levels are affected by the amount of goods and services which money incomes can buy, not just by changes in money incomes which may be offset by changes in prices.

4. Those who have loaned money out in
helped by a drop in prices, since
However, during the depression of
not collect debts.

G. People counting on fixed incomes may find that these incomes disappear during depressions, since debtors may not pay debts, insurance companies may fail, and banks may fail.

S. Sets up hypotheses.

G. People of qll income levels may find themselves out of work in a serious depression, although unemployment is greatest among unskilled laborers.

5. People in unskilled jobs were more
employed than those in skilled jobs
professional work. However, the gr
brought about by the division of la
that all kinds of businesses suffer
types of occupations were unemploye
of the 1930's. People in some gene
were hurt worse since these busines
the depression (e.g. construction i
qnd workers of all kinds in durable

4. Those who have loaned money out in the past are usually helped by a drop in prices, since the money is worth more. However, during the depression of the 1930's, many could not collect debts.

5. People in unskilled jobs were more likely to become unemployed than those in skilled jobs, white collar work or professional work. However, the great interdependence brought about by the division of labor in our economy meant that all kinds of businesses suffered, and people in all types of occupations were unemployed during the depression of the 1930's. People in some general kinds of businesses were hurt worse since these businesses were hit hardest by the depression (e.g. construction industry workers, engineers, qnd workers of all kinds in durable goods industries.)

56. Ask pupils to assume that they had lived during the 1920's and 1930's. They loaned some of their money to a farmer or some small or large businessman during the 1920's. Now prices have dropped, as the loan comes due. Would they gain or lose in terms of what the money repayment would buy? Why? Would they be sure of being able to collect the debt? Why or why not?

57. List general kinds of occupations on the board (e.g. unskilled workers, skilled workers, white collar workers such as clerks in stores, secretaries, etc., professional workers such as engineers, lawyers, doctors, management officials, etc.) Ask: Which of these general classifications do you think suffered the most unemployment during the 1930's? Why?

See

Now project a table showing the distribution of unemployment among different groups or quote figures on this distribution. Ask: Do you think that people in some of the same general kinds of occupations were affected differently depending upon what business or industry they were engaged in? Why or why not? (e.g. Use construction and durable goods industries as examples.) Ask pupils to look for examples of unemployment among professional groups as they read during the next part of the unit.

sume that they had lived during the 1920's and
aned some of their money to a farmer or some
usinessman during the 1920's. Now prices have
loan comes due. Would they gain or lose in
e money repayment would buy? Why? Would they
able to collect the debt? Why or why not?

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workers, white collar workers such as clerks
taries, etc., professional workers such as en-
, doctors, management officials, etc.) Ask:
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See Appendix.

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Some figures are found in
Depression Decade, pp

S. Sets up hypotheses.

G. People counting on fixed incomes may find that these incomes disappear during depressions, since debtors may not pay debts, insurance companies may fail, and banks may fail.

G. Even those people who continue to have relatively good incomes are affected by depressions because of added governmental burdens during hard times.

S. Empathizes with others, seeing things through their eyes, whether he accepts their viewpoints or sympathizes with them or not.

S. Reads for main ideas or to answer questions.

G. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.

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C. Serious depression
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6. Many of those in higher income groups found
reduced by a greater percentage than those
groups. However, they still had more incom
those in lower income groups unless they lo
because of the stock market crash, bank fai
failures, or loss of jobs. Even those who
enjoy relatively high incomes, were affected
by taxes for government expenditures to ove
depression, and by taxes for local governme
services which are always higher for the po
health, police protection).

C. Serious depressions have both material and psyc
effects upon the people who are affected most s
depression of the 1930's, was so severe that pri
and state agencies were unable to care for all
needing relief.

58. Show the class figures on the drop in income among upper income groups and lower income groups (among those who did not lose jobs). Ask: Which lost more in terms of the percentage of their incomes? Why? How else would those with higher incomes be affected adversely by the depression even if they kept their jobs or businesses Let pupils set up hypotheses to be tested as they study the effects of the depression in the next part of the unit.

59. If possible, have each student read a book of non-fiction about the depression. Arrange a browsing period so that each can find a book which he would like to read. Earlier, give students an annotated reading list, so that they will know something about which books they would like to examine. Each pupil should turn in 3x5 cards giving his name, the book he is reading, and his reactions to the book.

Students should be prepared to take part in class discussion of the topics covered by their books. For example, those who read books on unemployment should be prepared to discuss unemployment in terms of what they find in their book. Those who read about migrant workers, should be prepared to discuss this topic on the basis of what they read.

S. Is alert to incongruities, recognizes problems, and is concerned about them.

S. Checks on the accuracy of information.

S. Checks on the bias and accuracy of authors and other sources.

S. Checks on the completeness of data.

bibliography.

G. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.

S. Checks on the accuracy of information.

S. Checks on the bias and accuracy of authors and other sources.

Give pupils general questions to guide their reading the main topics covered by the different books (e.g. Youths During the Depression, Migrant Workers, Sharec Marginal Farmers of Other Types, Life Among Miners, e

60. Hold a general class discussion on the question: Hov fiction as a source of historical information? (Disc as an example of protest movements or attitudes as we accuracy of information.) Also discuss the problem o the accuracy of novels, plays, and films. Ask: What author or producer do, given the time or page limita should accuracy of fiction be evaluated?

61. Have students who read books of fiction write writte They should: (1) analyze the effects of the depressi dividuals, (2) evaluate the book in terms of general and (3) examine the book as an example of protest li

S. Empathizes with others, seeing things through their eyes, whether he accepts their viewpoints or sympathizes with them or not.

S. Checks for main ideas.

S. Reads for main ideas or to answer questions.

G. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.

G. Depressions and recessions

62. Have all pupils who are not reading specia
employed, read brief selections on unemplo
for students can be chosen in terms of eac
level.

63. Hold a general class discussion on the eff
Be sure to discuss psychological as well a
effects. Ask: How did unemployment affec

who are not reading specialized books on the un-
brief selections on unemployment. The selections
n be chosen in terms of each student's reading

Shannon, ed., Great Depression, pp. 10-15, 36, 41-54, 50, 82, 80-92, 110-120, 137-171.
Swados, ed. The American Writer and the Great Depression, Parts I, III.
Wector, Age of the Great Depression, pp. 19, 32-33, 38-40.
Mitchell, Depression Decade, pp. 97-98, 104.
Leuchtenberg, Franklin Roosevelt, pp. 24-26, 72-73, 74, 95.
Merrill and Halsey, eds., Responses to Economic Collapse, pp. 21-24.
Bernstein, The Lean Years, pp. 291-332.
Chambers, ed., New Deal at Home and Abroad, pp. 57-68.
Epstein, Insecurity: The Challenge to America.
Ginzberg and Berman, eds., The American Worker in the Twentieth Century, pp. 203-206.
Bird, The Invisible Scar, pp. 27-40, 47-51, 59-63, 82-83.
"Selected Readings on the Depression of the 1930's."
Epstein, Insecurity: A Challenge to America, pp. 200-201, 204-209, 210-211, 215-219.

class discussion on the effects of unemployment.
cuss psychological as well as physical or material
How did unemployment affect people's attitudes
order? Radical movements? How did unemployment

See photos in Lorentz, The Roosevelt Year, pp. 2-3, 40-41, 14-15, 60-61.

S. Is alert to incongruities, recognizes problems, and is concerned about them.

G. People of all income levels may find themselves out of work in a serious depression, although unemployment is greatest among unskilled laborers.

S. Checks on the accuracy of information.

S. Checks on the bias and competency of authors and other sources.

S. Checks on the completeness of data.

G. Depressions and recessions have both material and psychlogical effects upon people who are affected most adversely.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

affect different groups within the population?

Use students who have done special reading as resource people during this discussion. Show pictures of unemployed, bread lines, selling apples, Hooverville's, etc. Also discuss the bias and competency of different authors and the limitations of data in different books.

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64. Show the film Valley Town. Have pupils compare what they find in the film on effects of unemployment with what they have read. Also discuss the causes of unemployment as shown in this film.

Film:

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rent groups within the population?

who have done special reading as resource pecple
discussion. Show pictures of unemployed, bread
ng apples, Hooverville's, etc. Also discuss the
petency of different authors and the limitations
ifferent books.

Bernstein, The Lean Years, pho
following p. 306.
Wector, Age of the Great Depre
pp. 18-19.
Mitchell, Depression Decade, p
87, 110-111.

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m Valley Town. Have pupils compare what they find
on effects of unemployment with what they have read.
s the causes of unemployment as shown in this film.

Film: Valley Town, N.Y.U.

G. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.

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S. Checks the accuracy of information.

G. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

65. Ask a social worker to come to class to talk about the psychologica effects of unemployment upon the unemployed person. If possible, get someone who worked in a relief agency during the depression years of the 1930's.

66. You might read aloud the short story The Daring Young Man. Or have several pupils read it and tell the class about their reaction to the story. Discuss: Do you think that Saroyan was exaggerating things? Do you think that those who said "Nobody really starved in the U.S." were right?

If they have not done so before, have students read several account of serious malnutrition. Discuss: What effects would malnutrition have in addition to actual starvation?

67. Read aloud excerpts from articles on studies of the effects of slow starvation to show what happens to: (a) the ability and will t work under starvation conditions, (b) reactions to cold under conditions of starvation, (c) emotional reactions to others during con ditions of starvation. Discuss: What implications do these studie made during World War II have for the effects of the depression upo the unemployed or the very poor ?

68. Project a graph showing marriage rates from 1900-1960 and age at marriage during this period. Ask: What happened to rates and age during the depression years?

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ployment upon the unemployed person. If possible,
worked in a relief agency during the depression
30's.

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Saroyan, Daring Young Man
Flying Trapeze.
Shannon, ed., Great Depres
pp. 36, 45-48, 50-54.
Bernstein, Lean Years, pp.
332.
Wecter, Age of the Great D
pp. 39-40.
"Selected Readings on the
of the 1930's."

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ation conditions, (b) reactions to cold under con-
ation, (c) emotional reactions to others during con-
ation. Discuss: What implications do these studies
d War II have for the effects of the depression upon
r the very poor ?

"I Starved for Science," R
Digest, Jan., 1947.

tarved for Sci
Digest, Jan.,

showing marriage rates from 1900-1960 and age at
this period. Ask: What happened to rates and
epression years?

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plementary Set

G. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.

S. Identifies value-conflicts.

S. Is alert to incongruities, recognizes problems, and is concerned about them.

G. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.

69. Read aloud a quotation from the then President of Notre Dam the effect that: "as a result of the depression, a great p of the American public rediscovered the Home, rediscovered side joys, rediscovered the things of the spirit." Now hav pupil report on the effects of the depression upon families

70. A pupil might write an imaginary report of a federal invest sent out by the President to study conditions among those r relief.

71. Have a pupil imagine that he was an unemployed worker from until the defense program got underway in 1940. He should on the statement: "We must preserve the laissez faire syst

72. A pupil might write a Rip Van Winkle story of a worker who asleep in 1867 (or 1900) and wakes up in 1933. He should d his reactions.

73. Have a pupil report on Gilfillan's I Went to Pit College or the other books on conditions in mining communities. Then h other pupils who have read about mining communities compare data in the report with data in communities which they have studied.

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the Depressi

tion from the then President of Notre Dame to
"as a result of the depression, a great portion
blic rediscovered the Home, rediscovered fire-
vered the things of the spirit." Now have a
e effects of the depression upon families.

Cavan and Ranck, The
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Epstein, Insecuri
Bernstein, Lean Ye
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Epstein, Insecuri
America, pp.
177-179.

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Epstein, Insecurity,
Bernstein, Lean Years
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Epstein, Insecurity,
America, pp. 173
177-179.

ne that he was an unemployed worker from 1930
program got underway in 1940. He should comment
"We must preserve the laissez faire system."

e a Rip Van Winkle story of a worker who falls
1900) and wakes up in 1933. He should describe

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S. Compares sources of information.

G. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.

S. Generalizes from data.

S. Checks on the bias and competency of authors.

S. Draws inferences from graphs.

G. Living levels are affected by the amount of goods and services which money incomes can buy, not just by changes in money incomes which may be offset by changes in prices.

74. Have all pupils read Shannon on boy and girl tr
depression. If possible have a pupil give a re
Boy and Girl Tramps of America or his simplifie
account.

Have another pupil prepare and show charts on
conditions among child workers during the 1930

Another pupil might report briefly on Davis's
of youth during the 1930's.

Discuss: What effect did the depression have
America?

75. You might read aloud Adamic's short story "Gir
Discuss it as an example of the reactions of a
as well as of the conditions depicted. Ask: I
exaggerated conditions?

76. Have a pupil prepare several graphs to show wh
farmers' production and incomes and to prices
sold and what they had to purchase during the
use these graphs in a report on "The Causes of
During the 1920's."

Shannon, ed.,	ils read Shannon on boy and girl tramps during the
pp. 61-6	If possible have a pupil give a report on Minehan's
Minehan, Boy	Tramps of America or his simplified version of this
America.	
Minehan, Lone	
Lumpkin & Dou	pupil prepare and show charts on wages, hours, and
America,	mong child workers during the 1930's.
Davis, The Lo	
Ginzberg and	l might report briefly on Davis's study of attitudes
Worker i	ng the 1930's.
pp. 217-	
from Lum	t effect did the depression have upon the youth of
This story is	d aloud Adamic's short story "Girl on the Road."
Best, ed	s an example of the reactions of an author to events
	f the conditions depicted. Ask: Do you think Adamic
	conditions?
See Appendix.	prepare several graphs to show what happened to
	duction and incomes and to prices of what farmers
	t they had to purchase during the 1920's. He should
	aphs in a report on "The Causes of the Farm Problem
	920's."

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e Twentieth Century,
(includes excerpts
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nd in This Is My
by Whit Burnett.

G. Debtors find it hard to pay back debts in periods of deflation when money is worth more and their income is less.

G. Different groups in society are affected differently by depressions and inflation. However, all groups are affected because of the interdependence of society.

G. Living levels are affected by the amount of goods and services which money incomes can buy, not just by changes in money incomes which may be offset by changes in prices.

G. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.

G. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.

Or have pupils examine a table or graph showing what happened to farm income form 1929-1939. Have them figure out the percentage of decline in farm income from 1929-1932. Now have them compare this drop with that in the drop in wages and salaries for the same years. Ask: Which group was harder hit? Have pupils compare a graph or table on farm income with a table or graph on prices which farmers had to pay for the goods they purchased.

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77. Have all pupils read on general farm poverty and the farm revolt. Show pupils charts on problems faced by farmers, particularly marginal farmers during this period. Discuss the effects of the depression on farmers in general, before going on to a more detailed study of sharecroppers and migrant farmers. Show photos on the farm revolt.

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xamine a table or graph showing what happened to
1929-1939. Have them figure out the percentage
rm income from 1929-1932. Now have them compare
hat in the drop in wages and salaries for the same
ich group was harder hit? Have pupils compare a
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ay for the goods they purchased.

Merrill & Halsey, eds., Responses to Economic Collapse, pp. 27-28.
Smolensky, Adjustments to Depression and War, p. 50.

read on general farm poverty and the farm revolt.
rts on problems faced by farmers, particularly
s during this period. Discuss the effects of the
armers in general, before going on to a more de-
sharecroppers and migrant farmers. Show photos

Shannon, ed., The Great Depression, pp. 26-34, 120-127.
Shover, Cornbelt Rebellion.

G. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.

G. Economic output is affected by the quantity and quality of productive resources (land or natural resources, labor, and capital goods), by the level of technology, and by the efficiency of the organizational structure.

G. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.

78. Show the film And So They Live and discuss conditions of poverty in the Kentucky hill region during the 1930's. Also discuss the causes of this poverty.

79. Show slides or pictures on conditions among some of the marginal farmers in the pupils' own or neighboring states during the 1930's. Discuss the reasons for the poverty among these farmers.

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And So They Live and discuss conditions of poverty
y hill region during the 1930's. Also discuss the
poverty.

Wecter, Age of the Great Depre
p. 135.
Woofter, Seven Lean Years.
Leuchtenberg, Franklin Roosev
pp. 23-24, 74, 94.
See Lorentz, The Roosevelt Yea
pp. 4-7, 26, 38, 41 for
photos.

Film: And So They Live, New Y
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pictures on conditions among some of the marginal
pupils' own or neighboring states during the
ss the reasons for the poverty among these farmers.

Use microfilm of pictures tak
government agencies to m
slides; or use pictures
local libraries.

G. Depressions and recessions have both material and psychological effects upon people who are affected most adversely.

S. Is alert to incongruities, recognizes problems, and is concerned about them.

S. Empathizes with others, seeing things through their eyes, whether he accepts their viewpoints or sympathizes with them or not.

S. Empathizes with others, seeing things through their eyes, whether he accepts their viewpoints or sympathizes with them or not.

S. Evaluates information in terms of accuracy.

S. Compares sources of information.

S. Checks on the bias and competency of sources.

S. Checks on the completeness of data.

81. Now show the feature film: Grapes of Wrath. Discuss the film, calling upon those who have read books about migrant farmers to discuss whether or not the film is realistic or exaggerated. (Be sure to have pupils try to understand the point of view of farm owners in California and in Oklahoma as well as that of migrants.) Have those who have read the book Grapes of Wrath comment on ways in which it and the film differ. Have a pupil report how Steinbeck gathered data for his book and reported it in a pamphlet.. He should compare the conditions described in the pamphlet with the book or film. Read aloud McWilliam's description of Elk Grove Camp in Oklahoma City. Then show pupils a series of pictures or slides taken of migrant farmers during the 1930's. Discuss: Were the living conditions pictured in the film exaggerated?

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pp. 205-206.
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cies to make slid
ures from local l

e feature film: Grapes of Wrath. Discuss the film,
n those who have read books about migrant farmers to
ther or not the film is realistic or exaggerated. (Be
e pupils try to understand the point of view of farm
alifornia and in Oklahoma as well as that of migrants.)
who have read the book Grapes of Wrath comment on ways
and the film differ. Have a pupil report how Steinbeck
ta for his book and reported it in a pamphlet.. He
are the conditions described in the pamphlet with the
n. Read aloud McWilliam's description of Elk Grove
ahoma City. Then show pupils a series of pictures or
n of migrant farmers during the 1930's. Discuss: Were
conditions pictured in the film exaggerated?

Film: Grapes of Wr
Steinbeck, Grapes o
Steinbeck, Their Bl
French, ed., A Comp
Grapes of Wrat
McWilliams, Ill Far
pp. 205-206.
Use microfilm taken
agencies to make sli
pictures from local

G. Misallocation of resources costs consumers what they could otherwise have had. The alternative cost of unemployed resources during a depression or recession is what could have been produced if existing resources had been put to work.

S. Is alert to incongruities, recognizes problems, and is concerned about them.

S. Compares sources of information.

G. Misallocation of resources costs consumers what they could otherwise have had. The alternative cost of unemployed resources during a depression or recession is what could have been produced if existing resources had been put to work.

S. Is alert to incongruities, recognizes problems, and is concerned about them.

S. Generalizes from data.

82. Perhaps read aloud part of Ch. 25 in Steinbeck's
Discuss: What does this chapter show about Stei
toward the depression? Does he lay the blame on
people? Do you think that his last paragraph sho
radical or Communist? Now have a pupil tell the
Steinbeck's portrayal of Communists in his book,
Battle.

83. Have a pupil draw a cartoon depicting the idea o
Steinbeck's Grapes of Wrath. Have him also draw
picting the destruction from the standpoint of t

84. Have a pupil who plays a guitar sing some of the
which were written during the depression period.
listen to some of the songs on recordings. Or h

f Wrath.
ttitudes
p of
o be a
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us

Steinbeck, Steinbeck,	aloud part of Ch. 25 in Steinbeck's Grapes of Wrath. t does this chapter show about Steinbeck's attitudes pression? Does he lay the blame on any group of ou think that his last paragraph shows him to be a mmunist? Now have a pupil tell the class about ortrayal of Communists in his book, In Dubious

Steinbeck, C
Steinbeck, I

25 in
n de-
wner.

draw a cartoon depicting the idea of Chapter 25 in
rapes of Wrath. Have him also draw a cartoon de-
estruction from the standpoint of the farm owner.

protest
pupils

Recordings Folkways.	who plays a guitar sing some of the songs of protest itten during the depression period. Or have pupils

Recordings:
Folkways.

rath.
Battle.

the Depression,
t Bowl, Folkways,
s of Protest

S. *Generalizes from data*.

S. *Empathizes with others, seeing things through their eyes, whether he accepts their viewponts or sympathizes with them or not*.

S. *Generalizes from data*.

G. People counting on fixed incomes may find that these incomes disappear during depressions, since debtors may not pay debts, insurance companies may fail, and banks may fail.

Discuss: What do these songs show about the
people during the depression years?

85. A student who likes to draw or paint might c
representation or drawing of what the depres
to him. For example, he might create a pict
the waste of food, unemployment, or impact c
migrants, etc.

86. Have each pupil imagine that he is one of th
unemployed worker during the depression. (b
during the depression, or (c) a migrant farm
a letter to a friend, giving his reaction to
a politician make to the effect that the U.
and that anyone who wished to could get a go
way up in the world. The letters should be
1930's. Or, if the pupil imagines the indi
he should write an article a newspaper repor
written after interviewing him about his rea

87. Now return to the question raised earlier (
were those in upper income groups hurt by th
(Bring into the discussion such points as i
pay for local, state, and federal expenditu
of expenses which would increase for local

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of the

ctorial
sents
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g: (a) an
ropper
hould write
he heard
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l work his
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illiterate,
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58): How
ion?
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s.)

Merrill and H
to Econo

hat do these songs show about the feelings of the
ng the depression years?

ho likes to draw or paint might create a pictorial
ion or drawing of what the depression represents
r example, he might create a picture to represent
f food, unemployment, or impact of poverty upon
tc.

upil imagine that he is one of the following: (a) an
worker during the depression, (b) a sharecropper
depression, or (c) a migrant farmer. He should write
a friend, giving his reaction to a speech he heard
n make to the effect that the U. S. was a rich country
yone who wished to could get a good job and work his
he world. The letters should be dated during the
, if the pupil imagines the individual as illiterate,
rite an article a newspaper reporter might have
er interviewing him about his reactions to the speech.

to the question raised earlier (activity #58): How
in upper income groups hurt by the depression?
the discussion such points as increased taxes to
al, state, and federal expenditures. Note the kinds
which would increase for local governments.)

Mer

G. Even those people who continue to have relatively good incomes are affected by depressions because of added governmental burdens during hard times.

S. Looks for relationships among events.

S. Interprets tables.

S. Generalizes from data.

S. Generalizes from data.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

88. Show pupils tables on the vote cast for different Presidential candidates in 1928 and 1932. Ask: What happened to the vote for Hoover who was President when the depression began? What happened to the vote for Socialist and Communist candidates? How can you explain these changes?

89. Before ending this section of the unit, show pupils tables comparing industrial production in 1919 and in 1933. Ask: What happened to the consumption economy of the 1920's?

90. Remind the class of the large increase in the middle class during the 1920's and the sharp rise in living levels and consumption goods during this period. Have students examine a graph showing earlier depressions in American history. Discuss: Why do you think this depression is frequently singled out as being the worst in American history? Why do you think the people of this country reacted so strongly against the President as a result of the depression?

ls tables on the vote cast for different Presidential
s in 1928 and 1932. Ask: What happened to the vote for
o was President when the depression began? What happened
te for Socialist and Communist candidates? How can you
hese changes?

trial
Map o
.

ding this section of the unit, show pupils tables com-
dustrial production in 1919 and in 1933. Ask: What
tc the consumption economy of the 1920's?

For industrial production,
Road Map of Industry,
1954.

e class of the large increase in the middle class during
s and the sharp rise in living levels and consumption
ing this period. Have students examine a graph showing
epressions in American history. Discuss: Why do you
s depression is frequently singled out as being the
American history? Why do you think the people of this
eacted so strongly against the President as a result
pression?

G. Fluctuations in business have tended to be around a long-term trend toward higher and higher output.

G. The fluctuations of different business cycles are similar in some respects and different in others.

G. Business cycles vary in length and degree of fluctuation. Economists have noted smaller cycles within larger cycles. Moreover, some cycles show a drastic drop in business activity (a depression) and some show only a minor drop (a recession).

V. Both internal and exter
business fluctuations;
seems to be the level o

A. Fluctuations in busi
term trend toward hi

1. Cycles vary in le
well as in the re
causing upturns o

2. Business cycles a
expansion (consis
prosperity) and p
of a period of cr
or recession.) H
period from anoth

V. Both internal and external factors are important in causin business fluctuations; however, the most important factor seems to be the level of investment in new capital goods.

A. Fluctuations in business have tended to be around a lon term trend toward higher and higher output.

1. Cycles vary in length and degree of fluctuation, as well as in the relative importance of certain factor causing upturns or downturns.

2. Business cycles are commonly divided into periods of expansion (consisting of a period of revival and the prosperity) and periods of contraction (consisting of a period of crisis and then a period of depressic or recession.) However, it is not easy to mark off period from another.

91. Remind students of the questions which they have been raisi
why such a serious depression took place. Point out that t
now study the causes of depressions and of upswings in busi
Define the meaning of the term business cycle and show pupi
of: (a) actual changes in business activity over a period
years, showing minor fluctuations within broader cycles, (b
in business activity during the fall and rise of business a
from 1929 to 1945, (c) a smoothed out model of business cyc
showing the different phases of the cycle, and (d) a smooth
mofel of the cycle in the form of a circle. On the basis o
pupils already know, have them make a list of what happens
prices, sales, employment, etc. during the two phases in th
downswing. They should add to this as they proceed with th
study. Have pupils note the general trend in output despit
fluctuation.

Note: The particular activities used to develop this part
unit will depend very heavily upon whether or not pupils ha
studied the ninth grade economics course in the Project Soc
Studies Curriculum. If they have, many of these activities
be omitted and the ideas reviewed rather briefly. If they
not, the teacher will need to use most of them to help pup
understand the causes of business cycle fluctuations.

Charts: Clev
Charts of "B
History." "S
Charts."

the questions which they have been raising about
depression took place. Point out that they will
s of depressions and of upswings in business.
of the term business cycle and show pupils charts
nges in business activity over a period of
r fluctuations within broader cycles, (b) changes
y during the fall and rise of business activity
(c) a smoothed out model of business cycle
nt phases of the cycle, and (d) a smoothed out
in the form of a circle. On the basis of what
, have them make a list of what happens to
oyment, etc. during the two phases in the
ould add to this as they proceed with their
note the general trend in output despite the

Charts: Cleveland Bank & Tru
Charts of "Business Cycles i
History." "Supplementary set
Charts."

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ry heavily upon whether or not pupils have
rade economics course in the Project Social
If they have, many of these activities can
ideas reviewed rather briefly. If they have
ill need to use most of them to help pupils
ses of business cycle fluctuations.

G. Fluctuations in the business cycle are the result of changes in the circular flow of income.

A. VALUES THE SCIENTIFIC METHOD AND RATIONAL THOUGHT AS APPLIED TO SOCIAL AS WELL AS TO NATURAL DATA.

A. BELIEVES THAT THE SOCIAL SCIENCES CAN CONTRIBUTE TO MEN'S WELFARE BY PROVIDING INFORMATION AND EXPLANATORY GENERALIZATIONS WHICH HELP THEM ACHIEVE THEIR GOALS.

S. Uses models to make sense out of complex data.

G. The circular flow of income can be broken down into three general types of flows: between business and the public, between the government and the public, and between savers and investors.

S. Uses models to make sense out of complex data.

B. Fluctuations in
in the circular

1. The circular
three genera
the public,
and between

a. Business
and natur
them wage
to buy go

b. The publi
ment prov
productiv

c. Many peop
it in ban
which in
the loan.

B. Fluctuations in the business cycle are the result in the circular flow of income.

1. The circular flow of income can be broken down three general types of flows: between business the public, between the government and the publ and between savers and investors.

    a. Business buys productive resources (labor, and natural resources) from the public and them wages, interest, and rent which the pub to buy goods and services from business.

    b. The public pays taxes to government and th ment provides services to the public and al productive resources from the public.

    c. Many people save part of their income by pu it in banks which lend the money to busines which in turn pays interest and eventually the loan.

92. Tell the class that before they can analyze causes of depr they need to look at an economic model (in this case a dia model) of a simplified version of how the economic system

Project a very simplified chart showing the flow of spendi money. This first chart should be pictorial, with the flo goods to consumers, the flow of labor to plants, the flow wages to workers (consumers), shown as "tubes" or "pipes" which a liquid might flow. Now project a more abstract ch showing the same thing but with arrows or lines rather tha Ask pupils what they think needs to be added to make this more realistic. Pupils will probably suggest a number of which might be added to it or which might be categorized u one of the existing labels (e.g. services along with goods Or project more and more complicated charts or overlays (e Project a chart with a box for the government and ask pupi suggest flows to and from the government.)

93. Tell pupils that economists call such diagrams models. Ca think why? (Perhaps show original model using tubes agai pupils to imagine it as a working model. Perhaps even pr

iat before they can analyze causes of depressions,
at an economic model (in this case a diagram
ified version of how the economic system works.

Kapp and Kapp, A Gra
to Economics.
Wagner, Measuring th
of the Economy.

mplified chart showing the flow of spending and
t chart should be pictorial, with the flow of
s, the flow of labor to plants, the flow of
(consumers), shown as "tubes" or "pipes" through
ght flow. Now project a more abstract chart
thing but with arrows or lines rather than tubes.
hey think needs to be added to make this chart
Pupils will probably suggest a number of factors
dded to it or which might be categorized under
ing labels (e.g. services along with goods).
and more complicated charts or overlays (e.g.
with a box for the government and ask pupils to
and from the government.)

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Wagner, Meas
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economists call such diagrams models. Can they
haps show original model using tubes again.) Ask
e it as a working model. Perhaps even project a

ic Approach

Performance

G. Measurements of the nation's economy or national income statistics and index numbers make it possible for people to evaluate economic policies, whether they are businessmen or government economists.

S. Uses simple statistical devices for analyzing data.

2. Economic gr
difficult t
measures pr
to business

picture of a working model or "Moniac." Now ask pu
model of a house or airplane is in reality. Does i
of the things in a real house or airplane? What do
Why do pupils make models? Do people in industry o
make models? What kinds? Why do they make them?

Help students to understand that the models may be
plicated, depending upon one's purpose and upon the
to understand. Models include important factors or
which are key to understanding how a house or an ai
or work. (e.g. One might make a model of a machine
gin just to show what it looked like from the outsi
plicated model to show how it worked; however, it w
complicated as the real thing.) Ask: What are the
models?

Point out that this kind of flow diagram is only o
used by economists. Explain that they will see oth
but that the essence of a model is simplification
with focus upon certain key factors, holding certa
the same or temporarily assuming them the same. ((
example which is not in the form of a diagram.)

hanges in business activity are
however, several statistical
able estimates which are of help
government officials.

94. Tell the class that these models show the flow of
but not the speed of flow. Return to the simple m
Say: Suppose you wanted to put meters in to measu
How could economists measure the speed of flow or
the level of business activity? How could they me
in levels of living from one period to another suc
present? (After all these models could represent
system of 1900 just as well as today or a system o
well as 1938.)

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S. Categorizes data.

S. Uses simple statistical devices for analyzing data.

S. Sets up hypotheses.

S. Tests hypotheses against data.

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Ask pupils how they would measure fluctuations in business activity or in the business cycle? How could they measure changes in levels of living from 1800 to the present or from 1900 to the present? What kind of measures have they come across so far? Why might it be important for businessmen to be able to measure business activity? for the government to be able to do so?

Ask: How would you try to figure out the total production in the U.S. or the volume of flow of goods and money? (At first leave out the complication of production in terms of services.) How would you add production of autos to production of apples, etc.? How do you think economists might do this job?

If pupils do not suggest this method, point out that scientists add the money value of goods. Now suggest a number of goods which are used in producing a single product. Ask: How would you add these goods in arriving at production totals? Get pupils to analyze the problems faced and guess at ways of solving them. Now tell pupils how GNP is actually figured.

95. Ask: Who purchases goods and services in the U.S. (by broad classifications)? Make a list on the board as pupils offer suggestions. By appropriate questions, get pupils to add to the list. Then have them classify the suggestions into larger groups if they have listed many small groups.

See Up
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Wagner
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c

Now ask: What proportion of the total national production do you think would be taken by personal consumers? What proportion by private domestic investment? by Government? by foreign countries?

Show pupils a chart illustrating the breakdown. Begin with a chart which uses just a few groups and then project a somewhat more detailed chart.

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 the business cycle? How could they measure changes in levels
ving from 1800 to the present or from 1900 to the present?
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y? for the government to be able to do so?

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See Upgren and Stahrl, Ec.
and Me.
Wagner, Measuring the Perfo
of the Am. Economy.
Heilbroner and Bernstein, P
on Government Spending

sk: What proportion of the total national production do you
 would be taken by personal consumers? What proportion by
te domestic investment? by Government? by foreign countries?

pupils a chart illustrating the breakdown. Begin with a
 which uses just a few groups and then project a somewhat
 detailed chart.

S. Uses simple statistical devices for analyzing data.

S. Uses simple statistical devices for analyzing data.

G. Measurements of the nation's economy or national income statistics and index numbers make it possible for people to evaluate economic policies, whether they are businessmen or government economists.

b. Another way of mea
income received fo
receive income in

1) Wages and sala
2) Income of indi
3) Profits of cor
4) Interest.
5) Rent.

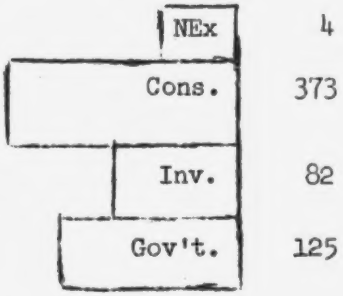
b. Another way of measuring is to examine the National income received for producing the product. People receive income in the form of:

1) Wages and salaries.
2) Income of individual firms.
3) Profits of corporations.
4) Interest.
5) Rent.

96. To dramatize components of the GNP have four boxes (one each for C, I, G, and NEx) of proportional sizes. Discuss what types of products and services go into each box. After this stack the boxes to show the "piling up" of GNP.

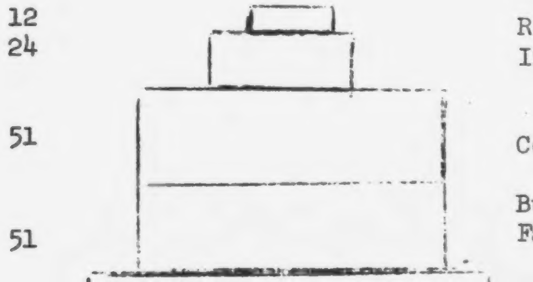
(GNP 1963 estimate 584)

In 1963 Billions of



97. Since students have seen "boxes" used for GNP analysis, have a committee of students make a similar presentation for national income.

Have able students figure out the reason for the discrepancy between the total figures of the two "loops" of the flow chart.



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S. Uses simple statistical devices for analyzing data.

G. Fluctuations in business have tended to be around a long-term trend toward higher and higher output.

G. Living levels do not rise unless output of production grows at a faster rate than population.

S. Uses simple statistical devices for analyzing data.

c. There are other measure
as a measure of growth.
is less than the Gross
equal to depreciation,
Income (NI) is less tha
Indirect Taxes.

d. A growing population re
in goods and services j
standard of living woul
of growth. Accurate me
require National Produc
a per capita basis.

c. There are other measures which are also common
as a measure of growth. Net National Product
is less than the Gross National Product by an
equal to depreciation, (that which wears out).
Income (NI) is less than NNP by an amount equa
Indirect Taxes.

e also commo
onal Product
roduct by an
n wears out)
n amount equ

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in business
to be around
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igher output.

d. A growing population requires a proportionate
in goods and services just to "stay even." A
standard of living would require an even highe
of growth. Accurate measures of economic grow
require National Product figures to be stated
a per capita basis.

roportionate
ay even." A
an even high
economic gro
to be stated

s do not rise
t of production
aster rate than

statistical
analyzing data.

In a summary discussion, have students explain why the dollar val of all the goods and services produced in a year must be about eq to the dollar value of income received. Also discuss: How could such statistical measures help economists and businessmen?

98. Briefly describe some other measures pupils may come across such as NNP.

99. Using one of the statistical sources mentioned in the bibliograph have a student graph GNP from 1900 to the present (or other suita time period.) Have him make the chart large enough so that it ca be displayed prominently in class and used in a class discussion.

100. Have a student make a chart of GNP per capita over the same time period chosen for activity #99. Compare charts to initiate a discussion of the necessity of using per capita figures in measur economic growth. Ask: What difference does it make whether we state just GNP or GNP per capita? Take current figures for GNP and population. Have students divide population into GNP to get per capita figure. Have them rework the problem, assuming GNP stays about the same and population doubles (and vice versa.)

ry discussion, have students explain why the dollar value
goods and services produced in a year must be about equal
llar value of income received. Also discuss: How could
istical measures help economists and businessmen?

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see Robinson, Ec
p. 49.

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dent graph GNP from 1900 to the present (or other suitable
od.) Have him make the chart large enough so that it can
ed prominently in class and used in a class discussion.

Or see Robinson,
p. 49.

see Wagner, Measu
Performance of
p. 10.

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growth. Ask: What difference does it make whether we
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figure. Have them rework the problem, assuming GNP
t the same and population doubles (and vice versa.)

Or see Wagner, Me
Performance
p. 10.

e,

ne
onomy,

G. It is difficult to compare GNP or living levels over time because of the differences in the quality and variety of goods produced in different periods.

G. The value of money varies, depending upon what it can command in exchange. When prices rise, the value of money falls; when prices fall, the value of money rises. Thus even money is not a perfect storer of value.

S. Uses simple statistical devices for analyzing data.

S. Recognizes limitations of data.

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f. Sinc
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Along with growth in th
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e. Other aspects of economic growth ar
to measure. Along with growth in th
great changes in leisure time, qual

f. Since prices fluctuate, National Pr
must be adjusted for dollar value t
measure.

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101. Use pictures to show economic growth on the "quality"
picture of a model T Ford next to a 1968 Ford, a kero
next to an electric lamp). Initiate a discussion on
with students using their own examples. Ask: How do
measure growth in terms of these changes? Ask the st
think of goods and services which, even though we had
capita GNP dollar value we have today, could not have
chased 50 years ago. Use this as a springboard to th
of the quality and variety aspects of growth.

102. Project a graph showing changes in GNP from 1929 to 1
How much did GNP drop from 1929 to 1933? Do you see
wrong in saying that GNP dropped by almost 50%? Why
If pupils do not point out the change in price level,
the light of what you have learned about how GNP is m
what should we do to these figures to get a more accu
of how much production actually dropped? How much di
drop in this period? Have pupils compute real GNP fo
years. Now use a China marking pencil to draw in a n
show the change in GNP corrected for changes in price

103. Have pupils compute real GNP per capita for these sam
them graph this data. Compare the graph with a graph
change in real GNP.

104. Have a pupil read and report to class (using a chart)
problems involved in using different indexes such as
Unemployment, Consumers Price Index, etc.

show economic growth on the "quality" side (i.e. a
el T Ford next to a 1968 Ford, a kerosene lamp
ic lamp). Initiate a discussion on such change,
ng their own examples. Ask: How does one
n terms of these changes? Ask the students to
nd services which, even though we had the per
r value we have today, could not have been pur-
ago. Use this as a springboard to the discussion
nd variety aspects of growth.

Smolensky, Adjustme
and War, p. 15
"Supplementary Set

showing changes in GNP from 1929 to 1940. Ask:
drop from 1929 to 1933? Do you see anything
that GNP dropped by almost 50%? Why or why not?
point out the change in price level, ask: In
t you have learned about how GNP is measured,
o to these figures to get a more accurate estimate
uction actually dropped? How much did prices
iod? Have pupils compute real GNP for these
a China marking pencil to draw in a new line to
in GNP corrected for changes in prices.

Smolensky, Adjustme
and War, p. 15
Robinson, Ec. Growt

ute real GNP per capita for these same years. Have
data. Compare the graph with a graph showing
NP.

Ryche, ed., Beg. Re
pp. 351-357.
U.S. News, March 14
76.

d and report to class (using a chart) on the
d in using different indexes such as GNP, FRB,
nsumers Price Index, etc.

Smolensky, Ad
and War
"Supplementa

Smolensky, A
and War
Robinson, Ec

Ryche, ed.,
pp. 35
U.S. News, M
76.

to Depression

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p. 49.

ngs in Ec.,

952, pp.72-

G. Capital formation is a major means of increasing an economy's total output over time, because it increases productive capacity.

G. Savings (or forgoing present consumption) are required for investment or capital formation.

G. The motive for saving may be to provide for future security rather than to make more money because of interest rates. People may save even when interest rates are low.

G. The money saved by private consumers and put into banks becomes a source for possible investment by those who borrow the money to make capital goods.

3. Capital formation through saving is a major means of increasing an economy's total output over time, because it increases productive capacity.

a. Savings (forgoing present consumption) are required for investment or capital formation.

b. The money saved by private consumers and put into banks becomes a source for possible investment by those who borrow the money to make capital goods.

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105. Project a chart which shows the money flow as though it were flowing through pipes. Include a pipe which drains off savings. The chart should picture a pump which can be used to pump the savings back into the system in the form of investments.

106. Illustrate the necessity for saving in order to have something for investment. If a person spends his entire income today he has not saved any for tomorrow and could not buy materials to make a tool or buy a machine, etc.

Have the students think of slogans or admonitions regarding savings. For example: "A penny saved is a penny earned," "Tuck-abuck-a-day-away," Save for a rainy day," etc. Discuss: Why do people save money in our society?

107. Discuss: How does the return for money saved tend to influence the desire to save? How do savings get turned into investment?

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omic	chart which shows the money flow as though it were rough pipes. Include a pipe which drains off savings. should picture a pump which can be used to pump the ck into the system in the form of investments.	Samuelson, Economics, p. 224.
Rel of C gres	the necessity for saving in order to have something for . If a person spends his entire income today he has not for tomorrow and could not buy materials to make a tool achine, etc. students think of slogans or admonitions regarding For example: "A penny saved is a penny earned," k-a-day-away," Save for a rainy day," etc. Discuss: ple save money in our society?	The Industrial Relations Cente the Univ. of Chicago, Cap Key to Progress.
	How does the return for money saved tend to influence to save? How do savings get turned into investment?	

G. Capital investment through savings is a major means of increasing output, because it increases productive capacity.

G. Net investment or capital formation involves an increase in real capital such as machines, equipment and buildings.

G. Investment in technological research and development may lead to higher levels of technology and so to greater productivity because of more or better quality of consumers' or capital goods.

G. Fluctuations in the business cycle are the result of changes in the circular flow of income.

G. Aggregate demand must be enough to buy all of the goods an economy can produce if the economy is to operate at full capacity.

S. Sets up hypotheses.

4. Aggregate deman
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4. Aggregate demand must be enough to buy all of t
an economy can produce if the economy is to ope
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   a. A drop in comsumption by one of the groups w
   buys goods and services does not cause a dro
   business production if it is offset by incre
   production of other factors. Increased savi
   consumers does not lead to a decline in busi
   activity unless it exceeds investment.

108. From interviews with local businessmen or from corporate fina reports, the students should find numerous instances of the types things businesses buy when they "invest." Try to obtain at least or two examples from each of the areas of factories, machines, to inventories. How do the managers of this business think that suc investment will increase its growth?

109. Now return to the model in activity #105. Discuss: What would happen if the savings were not reinvested? What might lead peopl to invest their savings? What might prevent investment of saving

G. Fluctuations in the business cycle are the result of changes in the circular flow of income.

G. Aggregate demand must be enough to buy all of the goods an economy can produce if the economy is to operate at full capacity.

G. Capital formation is a major means of increasing an economy's total output over time, because it increases productive capacity.

G. In a mature economy, high consumption and high investment work together; low consumption leads to low investment since business is unlikely to invest savings unless it thinks it can sell goods.

G. In general, people wish to sell their labor, land, or capital for the highest incomes possible in order to obtain the largest amount of desired goods and services possible.

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b. A drop in demand by one group may lead to a dr in demand by one or more of the others. In a mature economy, low consumption leads to low i vestment, since business is unlikely to invest savings unless it thinks it can sell goods. T increased consumer savings at the expense of c sumer expenditures could lead to a drop in inv ment in a mature economy.

110. Have students read an account of an imaginery potato c
which saved potatoes are not reinvested. Once again p
model used in activity #105. Ask: Do you wish to cha
minds about what you said in activity #109? Why can w
community a model?

111. Students should realize that not all savings are inve
one must be willing to borrow before savings can be t
tal goods. This "risk taking" is directly related to
motive. Have the students investigate several corpor
reports to see how much was invested during the year
Ask: How much was borrowed outside the corporation?
the earnings of the corporation were "plowed back" in
investment instead of being issued to stockholders as
(which they, in turn, could have either spent for con
saved)? How do the businessmen expect this investmen
sales and profits? Under what conditions would you a
hesitate to borrow? Why?

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dents read an account of an imaginery potato community in
ved potatoes are not reinvested. Once again project the
ed in activity #105. Ask: Do you wish to change your
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should realize that not all savings are invested. Some-
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Have the students investigate several corporation financial
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hey, in turn, could have either spent for consum on or
How do the businessmen expect this investment to increase
d profits? Under what conditions would you as a businessman
to borrow? Why?

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G. Division of labor and specialization make possible increased production but also lead to greater interdependence.

G. Money is wanted for what it can buy; paper money has no value in and of itself.

G. Since banks are not required to keep 100 per cent cash reserves on hand against deposits, they can loan out much of the money on deposit. By granting loans, they can create new money.

S. Generalizes from data.

G. Barter is inefficient; the development of a monetary system promotes exchange and so a division of labor and greater productivity.

G. Money makes exchange easier than barter does since many objects which people might want to trade are not of equal value, do not last well, cannot be divided, or are hard to transport. Money serves as a medium of exchange, as a measure of value, and as a storer

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C. Specialization and division of labor lead to
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112. If pupils have not had the ninth grade course
may wish to show them some of the filmstrips
economy based on the book Enterprise Island.
of the filmstrips at once. At this point, yo
first one which explains the effects of a div
and specialization and the advantages of mone
cuss the effects of specialization and what m
cuss: What would happen if all of the paper
abolished? Would the country be poorer than
you show the filmstrip of Old Jo loaning the
have pupils note the basis on which he loans
the money supply? to the turnover or velocit

113. Or prepare a series of cut-out pictures of ar
person might own or raise (e.g. a pound of bu
a radio). Prepare enough cut-outs for each s
the class into groups of 6 or 7 students each
indicate in pencil the number of such items w
owns and can exchange for other items. They
goods they may want to barter.

After letting groups barter for a few minutes
cussion. What problems arose in bartering?
such things as the lack of divisibility of so
more expensive than others; the difficulty of
through barter when one man may want a produc
second man who does not want the product prod
man but rather a product produced by a third

Filmstrip: Bas
E.B.F.

ve not had the ninth grade course on economics, you
show them some of the filmstrips of an imaginary
d on the book Enterprise Island. Do not show all
trips at once. At this point, you might show the
ich explains the effects of a division of labor
zation and the advantages of money. Be sure to dis-
fects of specialization and what money really is. Dis-
would happen if all of the paper money in the U.S. were
Would the country be poorer than it was before? As
filmstrip of Old Jo loaning the money as a banker,
note the basis on which he loans it. What happens to
pply? to the turnover or velocity of money?

Film

a series of cut-out pictures of articles which a
t own or raise (e.g. a pound of butter, a cow, a plow,
Prepare enough cut-outs for each student. Then divide
nto groups of 6 or 7 students each. On each cut-out,
pencil the number of such items which the producer
n exchange for other items. They should try to obtain
may want to barter.

ing groups barter for a few minutes, hold a class dis-
What problems arose in bartering? (Be sure to discuss
s as the lack of divisibility of some products which were
sive than others; the difficulty of making exchanges
rter when one man may want a product produced by a
who does not want the product produced by the first
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G. The value of money varies, depending upon what it can command in exchange. When prices rise, the value of money falls; when prices fall, the value of miney rises. Thus even money is not a perfect storer of value.

G. Prices are affected by changes in supply and demand, and price changes affect supply.

2. Prices are affected by changes in supply and demand, a
price changes affect supply.

Suppose these are real products. You own butter but do not want to spend all of your pounds of butter now for other goods. You want to save enough so you can buy a larger object later. What problems might arise? Or suppose you had to take butter with you to barter for goods in stores in this city. What problems would arise? What advantages does some kind of money system have over barter? Why does money fail to be a good storer of value at times?

114. If pupils have not had the ninth grade course in economics, it will be necessary to teach them something about the effects of supply and demand upon prices. (Otherwise, just review ideas at this time.) Several devices may be used to teach the meaning of demand and the effects of changes in demand and supply.

a. You might give pupils play money and ask them to decide how much they would offer you if you had just enough 10¢ candy bars in class to go around the class. Perhaps some pupils don't want candy bars. (Use cut-outs of candy bars posted on cardboard to illustrate supply.) Therefore, you have several left. Will any pupils buy them at the same price? Suppose it is just after breakfast. Will they buy them? Imagine rather that it is in the middle of the afternoon, or that they have been kept after school and have missed supper, or that there has been a blizzard which has marooned them in school with no other food in the school. Discuss how much pupils would pay and what teacher would do to the price in each of these cases. Now consider these cases again if the teacher has only half enough candy bars to go around or only five candy bars. What happens if the price goes up drastically? Some may not be able to pay as much as others and so will lose the candy bars. Is there less demand?

S. Sets up hypotheses.

G. Division of labor and specialization make possible increased production but also lead to greater interdependence.

S. Uses models to make sense out of complex data.

D. Although each business cycle differs somewhat from other cycles, cycles tend to have certain things in common. A idealized model of different phases of the cycle helps one identify factors causing changes in business activit

(At this point make sure that pupils understand the difference between wants and demand. You might even graph the supply and demand for these fake candy bars under different conditions. Point out that economists do not call it a change in demand when demand is less at higher prices than at lower prices. The economists talks about a change only when the demand changes at the same price.)

b. Show pupils several of the filmstrips on Enterprise Island which deal with the effects of supply and demand.

Filmstrip: Basic Ec
E.B.F.

c. Use the simulation games developed for the ninth grade course to show demand, supply, and prices.

d. Project a graph showing several supply and demand curves and show how prices are affected by supply and demand.

See my economics te

115. Discuss: Why would a private economy with a high degree of specialization and division of labor be more likely to have sharp fluctuations in business than an economy with a lower degree of specialization? (Have pupils set up hypotheses.)

116. Project a chart showing the business c[illegible] circle, with the cycle divided into 8 different phases, [illegible] phase numbered. Tell pupils that they will examine what [illegible] happen during each of these phases. (Point out that cycles differ, but that this is fairly good description of tendencies). (Each time you show one of the transparencies on a particular phase of the cycle, project this same chart showing the whole cycle, so that pupils will remember just where the smaller chart fits into the cycle.

"Supplementary Set

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d demand. You might even graph the supply and demand
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Filmstrip: Basic Economics Series,
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ood description of tendencies). (Each time you
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e chart showing the whole cycle, so that pupils
st where the smaller chart fits into the cycle.

"Supplementary Set of Charts."

G. Changes in business activity during a business cycle have tended eventually to be self-reversing; that is, change in one direction tends to build up pressures which bring about a reversal of direction.

S. Applies previously-learned generalizations.

S. Sets up hypotheses.

G. Inventories expand and contract more rapidly than does consumer spending; this gives added impetus to business fluctuations.

G. Demand is affected by the supply of money and credit and also by the velocity with which money changes hands.

G. Since banks are not required to keep 100 per cent cash reserves on hand against deposits, they can loan out much of the deposits. Consequently, they are able to create new money in the form of checking account deposits. By reducing loans, banks contract the money supply and so affect prices.

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1. As inventories are used up, demand will exceed the supply, prices will rise, and production will increase.

2. Since banks are not required to keep 100 per cent cash reserves on hand against deposits, they can loan out much of the deposits. Consequently, they are able to create new money in the form of checking account deposits. By granting a loan and creating such a deposit for a borrower, the bank starts a process which leads to the creation of almost five times as much checking account money as the original loan. By reducing loans, banks contract the money supply and so affect prices.

117. Project a chart labeled phase 8 of the cycle, in which the cycle is at the bottom of a depression and certain factors are building up to bring about a reversal or upswing in business activity. Begin at the top of the chart and work down. Cover all but one line at a time, and ask pupils what they think would be true about this particular factor. e.g. Why would there continue to be some demand for goods at this phase of the cycle despite such heavy unemployment? Would GNP be low or high at this phase of the cycle? Why would costs of production be low during this phase? etc. Interrupt the showing of the chart on phase 8 at the appropriate points to do the following:

"Supplementary S

a. Show a chart on inventories from 1929 to 1940. Ask: At the bottom of the depression in 1933, how did production compare with total sales? What did this ratio do to inventories? (Be sure that the term inventory is defined before you show pupils this chart.)

b. Help pupils understand more clearly how banks affect the money supply. You might also project several charts to show how deposits in banks can be loaned out, how much banks can loan at different reserve ratios, and how loans through the creation of checking account deposits can tend to create far more check book money than the original loan.

Filmstrip: Bas
Use table in Sa
p. 277.

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rt labeled phase 8 of the cycle, in which the cycle is of a depression and certain factors are building up t a reversal or upswing in business activity. Begin the chart and work down. Cover all but one line at sk pupils what they think would be true about this ctor. e.g. Why would there continue to be some demand this phase of the cycle despite such heavy unemployment? low or high at this phase of the cycle? Why would costs be low during this phase? etc. Interrupt the showing on phase 8 at the appropriate points to do the following:

"Supplementary Set of Charts."

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Filmstrip: Basic Economis Series, E.B.
Use table in Samuelson, Economics,
p. 277.

S. Generalizes from data.

G. Demand is affected by the supply of money and credit and also by the velocity with which money changes hands.

G. Since banks are not required to keep 100 per cent cash reserves on hand against deposits, they can loan out much of the deposits. Consequently, they are able to create new money in the form of checking account deposits. By reducing loans, banks contract the money supply and so affect prices.

c. Say: Suppose I were to give you my personal check for $25.00. Would you accept it? Why? Point out that the check "stands for" money and hence is readily accepted. Draw a diagram showing how a transfer from one account to another results when the student deposits the check to his account. Note that no actual cash changes hands.

d. Have the students think of (or investigate) numerous examples in the local community where money has been "created." (Commercial bank loans to firms against which checks can be written, purchases of securities, etc.) Make it clear that savings banks do not have a checking function and hence are not creators of money as are commercial banks.

e. Instead of activity #b, have 5 small groups in class act as different banks: A,B,C,D, and E. Give another pupil play money of $1,000. He should deposit it in Bank A. Then have Bank A figure out, using present reserve requirements, how much it can loan out to student no. 2 who wants a loan. Let it give student 2 this loan in terms of a checking account. Have student 2 pay with a check for goods he purchases from student 3. Have student 3 deposit the check in his bank (B). Now let Bank B loan out money on the basis of this deposit to student 4, etc.

Continue this process and then add up the total amount of money created on the basis of the original deposit with Bank A. Perhaps go through this process again, letting banks loan out money in differing amounts to three or four students at a time. Let some of the students use checks they receive to pay for services from other students. Again figure out what has happened to the expansion of money and note the effects of velocity even with check book money.

f. Diagram (or have a student diagram) the "clearing house" function of banks when accounts are settled by checks. Or, visit a bank or have a banker describe this function. Or divide the class

S. Applies previously-learned concepts and generalizations.

S. Sets up hypotheses.

G. Since banks are not required to keep 100 per cent cash reserves on hand against deposits, they can loan out much of the deposits. Consequently, they are able to create new money in the form of checking account deposits. By reducing loans, banks contract the money supply and so affect prices.

G. Capital formation is a major means of increasing an economy's total output over time, because it increases productive capacity.

S. Applies previously-learned concepts and generalizations.

3. A small change in the direction of recove
bring about further changes which promote
a rise in production.

into several committees called banks. Have other students write and deposit checks. Have the committees perform clearing house functions.

g. Show pupils a chart showing the quantity of money of different types, including check book money (for some one year).

h. Once again show pupils the chart of phase 8. Ask: 'What tends to happen during this phase to bank loans? Have two pupils role play a meeting between a businessman and a banker during this stage of a cycle. Let them assume that the bank is in good condition and has considerable sums of money in reserve. They should discuss the bank loan which the businessman requests.

"Supplementary Set of Charts."

Return to the chart. Ask: What would happen to money supply during this stage in a cycle? Why? What might be true of the psychology of businessmen? Why?

118. Now turn to the chart on phase 1 of the cycle showing the beginning of the upturn in business activity. Have pupils examine this chart, beginning at the bottom and gradually moving up the chart. Cover all but one item at a time, and ask pupils what they think would happen to this factor during this phase of the cycle. Interrupt the showing of this chart at the appropriate points to do the following:

"Supplementary Set of Charts."

S. Sets up hypotheses.

G. Changes in business activity during a business cycle tend to be cumulative; that is a small change in one direction tends to cause further changes in the same direction.

G. During an upswing in the business cycle, prices tend to increase more rapidly than costs, and during a downturn in the business cycle, prices tend to fall more rapidly than costs.

G. When productive capacity in a plant has not been used to capacity, an increase in production will result in lower costs per unit produced, since fixed costs can be divided among more units produced.

G. Since labor costs are usually set by long-term wage agreements, labor costs tend to rise more slowly than prices and decline more slowly than prices.

S. Sets up hypotheses.

a. During an upward swing in the business cycle, pric tend to rise faster than costs, thus providing wid profit margins.

   1) When productive capacity in a plant has not bee used to capacity, an increase in production wil result in lower costs per unit produced, since fixed costs can be divided among more units produced.

   2) Since labor costs are usually set by long-term wage agreements, labor costs tend to rise more slowly than prices.

a. As you come to the factor of costs on the chart in phase 1, project several other charts which show how costs of production may decline as production in partly-unused factories increases. (Be sure pupils understand how overhead costs are divided among more and more units of production to lead to lower unit costs.)

Samuelson, Economics, p. 443.

"Supplementary Set of Charts."

Show pupils a graph which illustrates the way in which costs tend to lag behind prices during an upswing in business activity and tend to fall more slowly than prices during a downswing. Tell pupils they will come back to this chart later. At this point, ask: What would happen to profits during this early phase of the upswing in the cycle? What effects would this change in profits have? (Upon investment,?upon inventories? etc.)

S. Applies previously learned concepts and generlizations.

S. Sets up hypotheses

G. Demand is affected by the supply of money and credi and also by the velocity with whic money changes hands.

G. Prices are affecte by changes in supply nd demand, and price hanges affect supply.

S. Sets up hypotheses by applying previously-learned generalizaions.

G. Changes in busines activity during a business cycle tend to be cumulative; that is, a small change in one direction tends to cause further changes in the same direction.

G. During an upswing in the business cycle, prices tend to increase more rapidly than costs, and during a downturn in the business cycle, prices tend to fall more rapidly than costs.

b. Return to the chart on phase one of the cycle and continue to work upward on the different factors until you come to the section on money supply. Then have two pupils again role play a meeting between a businessman who wants a loan and his banker. Let them discuss why he wants a loan at this point and whether or not he can expect to repay it to the bank. Afterwards, ask: What would tend to happen to the money supply in this phase of the cycle? Why? How would this cycle affect prices?

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119. Now project the chart showing phase 2 of the cycle. Again work from the bottom of the chart upwards, covering all but one item at a time. Ask pupils to guess what would happen to each factor during this phase of the cycle.

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the chart on phase one of the cycle and continue to
d on the different factors until you come to the
money supply. Then have two pupils again role play
between a businessman who wants a loan and his banker.
iscuss why he wants a loan at this point and whether
can expect to repay it to the bank. Afterwards, ask:
tend to happen to the money supply in this phase of
Why? How would this cycle affect prices?

"Supplementary Set of Charts."

he chart showing phase 2 of the cycle. Again work from
f the chart upwards, covering all but one item at a time.
o guess what would happen to each factor during this
cycle.

"Supplementary Set of Charts."

G. An increase in net investment in capital goods will increase national income by more than the amount invested, while a drop in net investment will decrease national income by more than the drop in this investment. This multiplier principle means that the effect of investment in capital goods is to increase the rise and fall of business activity by more than the amount of the increase or decrease in investment.

G. An increase in demand for consumer goods leads to an even greater increase in demand for producers' goods and so in investment.

G. Net investment will drop rather than increase as consumer sales level off rather than continuing to grow.

G. Changes in business activity during a business cycle tend to be cumulative; that is, a small change in one direction tends to cause further changes in the same direction.

b. Increased investment and consumptio lead to e
greater investment and consumption.

Interrupt the discussion of the chart when pupils come to the section on investment. Project a chart which shows the acceleration principle. Ask: How does new investment affect business activity? What happens when the investment stops except for replacement of worn-out machines? (Remind pupuls that this is not what is happening at this phase of the cycle, but that they need to understand this principle at a later stage.)

Samuelson, Economics, p.

120. Now project the chart showing phase three of the cycle, handling this chart in the same way as you have the others. At the appropriate points on the chart, do the following:

"Supplementary Set of Cha

G. During an upswing in the business cycle, prices tend to increase more rapidly than costs, and during a downturn in the business cycle, prices tend to fall more rapidly than costs.

S. Applies previously-learned concepts and generalizations.

G. As business activity expands, businesses buy inventories (materials of production and products for sale) at lower prices and sell them at higher prices.

G. Inventories expand and contract more rapidly than does consumer spending; this gives added impetus to business fluctuations.

S. Applies previously-learned concepts and generalizations.

S. Interprets graphs.

4. As a business cycle continues to move upward to fu
production, changes take place which tend to build
up pressures for a reversal in direction and a dow
ward swing in business activity.

a. Show the chart on costs and prices once again. What happens to profits as costs begin to creep up on prices? What effect would this have upon the business cycle.

"Supplementary Set of Charts.

b. When you come to inventories on the chart of phase three, have two pupils role-play a discussion between two plant managers on the wisdom of increasing inventories both of the supplies they need for producing more goods and of the goods they sell. Discuss: Why might retailers and wholesalers wish to increase inventories?

c. At the appropriate point, show pupils a graph of housing starts from 1920 to 1956. Ask: When did the number of new housing starts slow down? (Relate to phases of model of cycle pupils are examining.) What effect would such a slow-down have upon other business activity? When did new housing starts begin to increase once more?

Road Map of Industry, No. 10
Dec. 21, 1956.

G. Consumption of non-durable goods fluctuates less than consumption of durable goods.

G. Net investment will drop rather than increase as consumer sales level off rather than continuing to grow.

S. Looks for relationships between events.

S. Applies previously-learned concepts and generalizations.

G. Changes in business activity during a business cycle have tended eventually to be self-reversing; that is, change in one direction tends to build up pressures which bring about a reversal of direction.

a. As costs begin to rise, profits are squeezed

1) As productive resources become fully empl
less efficient managers and workers may b
a rise in costs.

2) As bank reserves get low, banks are less
to make loans and raise interest rates.
action increases costs of production.

Now have pupils look at the chart showing business fluctuations from 1929 to 1945. What relationship is there between the decrease in housing starts and business activity in general? between the increase in 1933 and business activity? How can pupils explain the drop in housing starts in the early 1940's when business activity increased so much? (World War II.)

121. Show pupils the chart on phase 4 of the cycle when there is still prosperity but several factors are at work to reverse the cycle--and danger signals can be seen. Use this chart in the same way as you have the others, again working upwards from the bottom of the chart. Interrupt the examination of the chart to do the following:

"Supplementary Set of

Charts."

S. Applies previously-learned concepts and generalizations.

G. Aggregate demand **must** be enough to buy all of the goods an economy can produce if the economy is to operate at full capacity.

b. If total spending by consumers, bus
ment does not equal total productio
tend to fall, profits will fall, an
cut back on production and investme

S. Sets up hypotheses.

G. With an increasing emphasis upon consumer durable goods, consumer expenditures have tended to fluctuate more than in earlier years. Consumption of non-durable goods fluctuates less than consumption of durable goods.

1) With an increasing emphasis upon
goods, consumer's expenditures t
more than earlier in history.

S. Applies previously-learned concepts and generalizations.

G. Net investment will drop rather than increase as consumer sales level off rather than continuing to grow.

2) Net investment in capital goods
when businessmen expect nationa
to grow. A period of prosperit
end because consumption levels
a declining rate. It does not
in consumption.

b. If total spending by consumers, business, and government does not equal total production, prices will tend to fall, profits will fall, and business will cut back on production and investment.

1) With an increasing emphasis upon consumer durable goods, consumer's expenditures tend to fluctuate more than earlier in history.

2) Net investment in capital goods takes place only when businessmen expect national income to continue to grow. A period of prosperity may come to an end because consumption levels off or increases at a declining rate. It does not wait for a decline in consumption.

a. Show pupils a chart on steel production as compared with steel capacity from 1914 to at least 1945. Have pupils note the 1920's and particularly in 1928 and 1929. Ask: If you had been in the field of steel production in 1928-1929, would you have built new plants or purchased new machines? Why or why not?

Road Map of Industry, No. 1083, Sept. 28, 1956.

b. Show a chart on installment credit. Have pupils notice ways in which installment credit even now rises and falls and varies more for some kinds of goods than for others. Ask pupils to think of reasons for these changes. Now remind pupils that they have been examining phase four of the cycle. What would they expect to have happen to consumers' requests for installment credit for durable goods during this phase? What might happen to the willingness of business to extend such credit? Why?

Road Map of Industry, No. 1145, Dec.6, 1957.

c. Remind pupils of what they have learned about monetary flow and the need for investment of savings to prevent a decline in business activity. Summarize: What would cause a decline in investment at this phase? Why wouldn't savings be invested? (If necessary, show the chart on the multiplier and acceleration principles once more.)

G. Net investment or capital formation involves an increase in real capital such as machines, equipment, and buildings; an exchange of property from one person to another may be spoken of as investment for an individual but does not add to a country's capital formation.

G. Changes in business activity during a business cycle have tended eventually to be self-reversing; that is, change in one direction tends to build up pressures which bring about a reversal of direction.

G. Changes in business activity during a business cycle tend to be cumulative; that is a small change in one direction tends to cause further changes in the same direction.

S. Applies previously-learned concepts and generalizations.

G. Adjustment of supply to demand is hampered by factors which decrease mobility of productive resources. (Wage contracts make it difficult to adjust wage rates to changes in the supply and demand for labor.)

5. A few changes in the direction of a downward swin business activity tend to set into play other for to make business activity decline even further.

   a. During a downward swing in the business cycle, tend to fall faster than costs, thus squeezing or even wiping them out completely. Business failures increase, and other firms reduce prod

ent or capital
nvolves an in-
eal capital such
, equipment, and
n exchange of
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(be spoken of as
for an individual
t add to a country's
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business activity
siness cycle have
tually to be self-
that is, change in
on tends to build
s which bring
ersal of direction.

business activity
siness cycle tend
ative; that is a
e in one direction
use further changes
direction.

viously-learned
d generalizations.

(of supply to demand is
factors which decrease
productive resources.
acts make it difficult to
rates to changes in the
demand for labor.)

5. A few changes in the direction of a downward swing in business activity tend to set into play other forces to make business activity decline even further.

   a. During a downward swing in the business cycle, prices tend to fall faster than costs, thus squeezing profits or even wiping them out completely. Business failures increase, and other firms reduce production.

d. Give pupils figures on the proportion of savings not used for investment in new capital goods in this country in 1928-1929. Ask: What did people do with savings? Remind pupils of stock market speculation as one outlet for savings? Ask: Did such speculation add to the stock of goods in the country? What effect did it have upon aggregate demand for goods? Did it have the same effect as any new investment in capital goods?

122. Now show pupils a chart on phase 5 of the cycle. Use it in the same way as you have used the others, except for the rest of these phases,work from the top down. Interrupt at the appropriate points to do the following: "Supplementary Set of Chart

a. Have students examine once more the chart they saw earlier on changes in costs and prices. Discuss the effects of the profit squeeze. "Supplementary Set of Chart

G. Adjustment of supply to demand is hampered by factors which decrease mobility of productive resources. (An investment in expensive capital goods cannot easily be turned to the production of other goods, since capital goods are highly specialized.)

G. During an upswing in the business cycle, prices tend to increase more rapidly than costs, and during a downswing in the business cycle prices tend to fall more rapidly than costs.

G. Firms may continue to operate, despite losses, in order to cover some of their fixed costs.

G. Inventories expand and contract more rapidly than does consumer spending; this gives an added impetus to business fluctuations.

G. As prices decline, businessmen may find that they must sell off inventories at lower prices than they

1) Since labor costs are usually set by lo
wage agreements, labor costs tend to de
slowly than prices.

2) As prices decline, businessmen may find
must sell off inventories at lower pric
they paid for them in the first place o
for much less profit than before.

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1) Since labor costs are usually set by long-term wage agreements, labor costs tend to decline more slowly than prices.

2) As prices decline, businessmen may find that they must sell off inventories at lower prices than they paid for them in the first place or at least for much less profit than before.

b. While discussing the relationship of costs and prices, ask: Why would some firms continue to operate though they operate at a loss? Now show pupils a table showing why they do so because of overhead costs.

See "Supplementary Set of Ch

c. Have three pupils role-play a discussion between a factory owner, a wholesaler, and a retailer on what they should do in raising or lowering inventories.

paid for them in the first place or at least for much less profit than before.

G. Net investment will drop rather than increase or remain the same if consumer sales level off rather than continue to grow.

G. Attempts by individual consumers to save during a depression may give added impetus to the downswing of business.

G. Business spending for new capital goods (investment) varies more than other kinds of spending and seems to be the key factor in business fluctuations.

G. Net investment will drop rather than increase or remain the same if consumer sales level off rather than continue to grow.

b. If demand does not equal supply, prices will profits will fall, and business will cut back production.

d. Have students look again at the chart on inventories to identify what would happen in this stage of the cycle. Discuss the effects of reducing inventories.

e. Have two pupils role-play a discussion between a man and his wife about whether this is a good time to purchase durable goods such as a new refrigerator or a car. They should consider their own income and what may happen to it as well as what may happen to prices of such goods in the near future. Afterwards discuss: How would attempts by individuals to save during a depression affect business activity?

f. Have students look once again at the chart on the acceleration principle to identify the factors helping to bring about a decline in business activity.

Samuelson, Economics, p.

S. Applies previously-learned concepts and generalizations.

S. Sets up hypotheses.

G. Changes in business activity during a business cycle tend to be cumulative; that is a small change in one direction tends to cause further changes in the same direction.

S. Tests hypotheses against data.

2.

S. Uses models to make sense out of complex data.

E. Each business cycle differs somewhat from others.

A number of factors were important in leading to a decline in investments and the depression which b in 1929.

123. Show pupils charts on phases 6 and 7 of the cycle. (By this time they should be able to predict fairly well what would happen to each factor in each phase.)

"Supplementary Set of

As an alternative to projecting these charts, show pupils the numbered chart of a circle representing the business cycle. Then give all pupils a dittoed sheet with questions about what would happen in the case of each of the factors mentioned on chart in these phases. They should give reasons for their predictions. Discuss these predictions and then check them against the charts.

Have several pupils role-play a collective bargaining session between management and labor during phase 7. They should be concerned with drawing up new wage contracts.

124. Now tell pupils once more that they have seen not a description of each and every cycle or even one of the cycle of the thirties. Show them once more the chart showing business fluctuations from 1929 to 1945. Ask: Since the two kinds of charts differ so much, what is the value of the charts which show a steady movement of business activity [illegible] or down? Review the values of models in economics.

"Supplementary Set of

Also point out that what they have seen in the model is description. It doesn't really answer the question of which factors are most crucial in bringing about upturns and downturns. Economists have had different theories about this, although there is a growing tendency to agree upon one factor as being crucial. Point out also that some of the things shown in these charts were not really true during the phase leading up to the 1929 depression. Consequently, pupils will now study the specific trends of the 20's which economists point to as important and some of the differing theories of business cycles.

Charts.'

Charts.'

S. Sets up hypotheses.

G. Unless wages rise as rapidly as productivity per worker, or unless prices are reduced, the distribution of income becomes more unequal.

G. The pattern of income distribution affects savings and consumption of consumer goods and so investment.

S. Sets up hypotheses.

S. Tests hypotheses against data.

G. Competition does not always lead to lower prices; it may actually lead to monopolistic practices and higher prices.

G. Monopolistic restriction of output to keep prices high tends to create greater inequalities in income and make it more difficult for people to purchase consumer goods, unless wages are raised.

1. Labor unions grew weaker during the 1920's a
time that a greater concentration in busines
possible for firms to hold prices steady whi
per worker increased greatly.

   a. Unless wages rise as rapdily as productiv
   worker or unless prices are reduced consi
   the distribution of income becomes more u

   b. Monopolistic restriction of output to inc
   prices tends to create greater inequaliti
   income and make it more difficult for peo
   purchase consumer, goods unless firms rai
   at the same time.

125. Have a pupil report on labor union strength during the 1920's. The student should show the class a chart on the decline in labor union membership between 1920 and 1930. How did this lack of strength affect wage rates during a period of sharp increase in labor productivity?

See figures in
Readings i
pp. 82ff.
Bernstein, Lean

Show figures comparing the increase in wage rates, prices, and profits during the 1920's. Also show charts on the division of income in 1920 and 1929. Ask: What changes had taken place? Discuss: What effect would such differences in growth have upon consumption? upon investment? Why?

126. Discuss: What other trends during the 1920's (besides the decline in labor union strength) may have contributed to the growing inequalities in income? Have pupils try to figure out the answer on the basis of what they have studied so far. Then project charts showing the extent of mergers during the 1920's and the increasing concentration of control in the hands of a few companies. Ask: What effect would these trends have? Why?

Kapp and Lore,
Economics,

report on labor union strength during the 1920's. The
ld show the class a chart on the decline in labor union
etween 1920 and 1930. How did this lack of strength
rates during a period of sharp increase in labor pro-

See figures in Grossman, ed., Readings in Current Economics, pp. 82ff.
Bernstein, Lean Years.

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ng the 1920's. Also show charts on the division of in-
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n income? Have pupils try to figure out the answer on
what they have studied so far. Then project charts
extent of mergers during the 1920's and the increasing
n of control in the hands of a few companies. Ask:
would these trends have? Why?

Kapp and Lore, Graphic Approach to Economics, pp. 48, 51.

G. Monopolistic restriction of output to keep prices high tends to create greater inequalities in income and make it more difficult for people to purchase consumer goods, unless wages are raised.

S. Applies previously-learned concepts and generalizations to new data.

G. Government taxation policies affect who gets what share of the national income.

2. Government financial policies contributed to the growing inequalities in income distribution.

G. Even in so-called prosperous times, not all people enjoy levels of living which most consider necessary for an adequate level of living.

3. Upper income groups save more of their income both in terms of absolute amounts and in terms of the percenta of their total income; consequently, the growing inequality of incomes affected savings, consumption, an investment.

G. The distribution of income pattern affects savings and consumption of consumer goods and so investment.

127. A pupil might give a report on some of the restrictive practices of business. He should use the blackboard to demonstrate the theory of monopoly price. Discuss: How do these practices affect the distribution of income?

See any economic tex
monopoly price.

128. Discuss: How did the efficiency movement of the 1920's affect the need for new investment to increase production?

129. Have a pupil report briefly on federal government rebates and tax policies of the 1920's. Ask: How did these policies affect income distribution?

History textbooks.

130. Have pupils examine more carefully the chart on the distribution of national income in 1929. They should note how much the top 5% got of the national income. Would the top 5% be likely to buy almost half of all consumer goods? Why or why not? What would they be likely to do with their money? What would have to happen to have the rest of the consumer goods purchased?

See Appendix, [illegible]

Project charts showing savings at different income levels. Then have pupils examine charts which compare the average expenditures of the lowest income group in 1929 with those of the very wealthy

Kapp and Lore, Graph
Economics, pp.

t give a report on some of the restrictive practices of e should use the blackboard to demonstrate the theory of ce. Discuss: How do these practices affect the dis- income?	See any economic texts for monopoly price.
w did the efficiency movement of the 1920's affect the investment to increase production?	
report briefly on federal government rebates and tax the 1920's. Ask: How did these policies affect in- ution?	History textbooks.
examine more carefully the chart on the distribution income in 1929. They should note how much the top e national income. Would the top 5% be likely to buy of all consumer goods? Why or why not? What would ly to do with their money? What would have to happen rest of the consumer goods purchased?	See Appendix.
ts showing savings at different income levels. Then examine charts which compare the average expenditures income group in 1929 with those of the very wealthy	Kapp and Lore, *Graphic Approach to Economics*, pp. 78, 80.

G. Upper income groups save more of their income both in terms of absolute amounts and in terms of the percentage of their total income.

G. Aggregate demand must be enough to buy all of the goods an economy can produce if the economy is to operate at full capacity.

G. In a mature economy, high consumption and high investment work together; low consumption leads to low investment since business is unlikely to invest savings unless it thinks it can sell goods.

G. Inventories expand and contract more rapidly than does consumer spending; this gives added impetus to business fluctuations.

G. Investment is affected by many factors and so changes are hard to predict. These factors include the psychology of businessmen or their expectations about what will happen, the relationship of recent expansion of productive capacities to consumer demand, group. Ask: What do these charts show about the amount of poverty in 1929? Can you see any possible relationship between this kind of distribution of income to the onset of the depression? If so, what?

131. Once more, project a chart showing the extent of uninvested savings in 1928-1929. Review reasons why savings were not invested and what happened to them. Again show pupils the model of income flow with the pump for investment. Review what happens to production when savings are not invested. Ask: What does the drop in production do to employment?

technological changes, the state of inventories, changes in consumer income, etc.

G. Aggregate demand must be enough to buy all of the goods an economy can produce if the economy is to operate at full capacity.

G. Most U. S. corporations today depend more upon corporation savings for new investment than upon investment from outside the business.

S. Sets up hypotheses.

G. Both internal and external factors are important in causing business fluctuations; however, the most important factor seems to be the level of investment in new capital goods.

G. An increase in demand for consumer goods leads to an even greater increase in demand for producers' goods and so in investment.

F. Investment fluctuates more and seems to be more i
than other types of expenditures. It seems to pl
key role in causing business fluctuations. Inves
affected by many factors, and so changes are hard
These factors include the psychology of businessm
expectations about what will happen, the relation
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o in investment.

F. Investment fluctuates more and seems to be more important than other types of expenditures. It seems to play the key role in causing business fluctuations. Investment is affected by many factors, and so changes are hard to predict. These factors include the psychology of businessmen or their expectations about what will happen, the relationship of recent expansion of productive capacities to consumer demand, technological changes, the state of investments, changes in consumer income, population changes, etc.

132. Have a pupil prepare and show the class a chart on how corporations get much of their investment funds from corporation savings rather than from the sale of bonds. Discuss the effects of this trend (which was taking place during the 1920's) upon investment opportunities for individuals.

Use current annual
corporations.

133. Project a graph showing the fluctuation in different indexes over a period of years. Which indexes fluctuate the least? the most? How did the great increase in production and sale of consumer durables in the 1920's affect the stability of the economy?

Use a current set

re prepare and show the class a chart on how corporations
heir investment funds from corporation savings rather
sale of bonds. Discuss the effects of this trend
king place during the 1920's) upon investment oppor-
individuals.

Use current annual report of large corporations.

i aph showing the fluctuation in different indexes over
years. Which indexes fluctuate the least? the most?
great increase in production and sale of consumer
the 1920's affect the stability of the economy?

Use a current set of indexes.

G. With an increasing emphasis upon consumer durable goods, consumer expenditures have tended to fluctuate more than in earlier years. Consumption of non-durable goods fluctuates less than consumption of durable goods.

G. Net investment will drop rather than increase as consumer sales level off rather than continuing to grow.

G. Business spending for new capital goods (investment) varies more than other kinds of spending and seems to be the key factor in business fluctuations.

134. Have pupils examine a chart showing an analysis of changes in expenditures for private consumption, private investment, foreign investment, federal government, and state and local government and changes in the GNP from 1929 to 1933. Ask: Which factor dropped the most? Is it logical to argue that this factor is what brought on the depression? Could it have been one of the other factors? What happened to foreign investment and to state and local and federal government expenditures? How did changes in government expenditures compare at the federal and the local and state levels?

Upgren, et. al.,
Depressions?

135. Now project a table which shows the GNP in the U. S. for the years 1929-1951, with aggregate consumption broken down into private consumers, government, housing construction, investment in factories and machinery, for inventories, and foreign consumption. Have pupils note which fluctuated the most from 1929 to 1951. Which ones dropped the most percentage-wise from 1929 to 1933?

Upgren and Stahr
Me, p. 74.

Security A	xamine a chart showing an analysis of changes in ex- r private consumption, private investment, foreign in- eral government, and state and local government and e GNP from 1929 to 1933. Ask: Which factor dropped it logical to argue that this factor is what brought sion? Could it have been one of the other factors? to foreign investment and to state and local and federal penditures? How did changes in government expenditures e federal and the local and state levels?	Upgren, et.al., Security Against Depressions?
l, Ec. For	table which shows the GNP in the U. S. for the years th aggregate consumption broken down into private vernment, housing construction, investment in factories , for inventories, and foreign consumption. Have pupils uctuated the most from 1929 to 1951. Which ones dropped entage-wise from 1929 to 1933?	Upgren and Stahrl, Ec. For You and Me, p. 74.

G. An increase in net investment in capital goods will increase national income by more than the amount invested, while a drop in net investment will decrease national income by more than the amount of the decrease in investment.

G. Business spending for new capital goods (investment) varies more than other kinds of spending and seems to be the key factor in business fluctuations.

G. An increase in net investment in capital goods will increase national income by more than the amount invested, while a drop in net investment will decrease national income by more than the amount of the decrease in investment.

G. Investment is affected by many factors and so changes are hard to predict. These factors include the psychology of businessmen or their expectations about what will

Now project the graph just showing investment and GNP changes from 1929 to 1945.

Smolensky, *Ad*
and War,

136. Have pupils examine a table showing what happened to manufacturing income and income from construction during the period 1929-1938. Ask: Which fell more drastically? Why do you think this was so. On the basis of just these years, which do you think is the more important index to watch in trying to figure out what is happening in the business cycle?

Quote several economists on the importance of the role of investment. Then ask: What factors affect investment?

Merrill and
to Econ

graph just showing investment and GNP changes
45.

Smolensky, Adjustment to Depression and War, p. 21.

mine a table showing what happened to manufacturing
me from construction during the period 1929-1938.
l more drastically? Why do you think this was
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ant index to watch in trying to figure out
ng in the business cycle?

Merrill and Halsey, eds., Responses to Economic Collapse, p. 27.

conomists on the importance of the role of invest-
: What factors affect investment?

happen, the relationship of recent expansion of productive capacity to consumer demand, technological changes, the state of inventories, changes in consumer income, etc.

S. Checks on completeness of data; rejects assumption of cause-effect relation in correlations.

A. IS SCRPTICAL OF THEORIES OF SINGLE-CAUSATION IN THE SOCIAL SCIENCES.

G. Both internal and external factors are important in causing business fluctuations; however, the most important factor seems to be the level of investment in new capital goods.

137. Have a pupil use the blackboard to demonstrate the way in which buying on the margin on the stock market helped create a panic when stock market prices began to decline in 1929. He should also discuss the time at which the stock market declined as compared to the decline in some other indexes and the way in which the corporate structure of the 1920's affected the crash.	Galbraith, Great Crash. Galbraith, Liberal Hour, Ch.
138. Have one student look up the various theories of business cycles--especially the dramatically interesting ones such as stages of the moon theory, sunspots, etc. Include the fairly recent statement about height of women's hemlines and business activity. Have the class evaluate the evidence which led to these generalizations. Discuss reasons why economists are careful about discriminating between "correlation" and "cause and effect." Have pupils note differences between what economists call external and internal factors.	See economics textbooks.

S. Rejects post-hoc arguments; looks for another factor which may have caused the later event.

S. Considers alternative courses of action.

S. Sets up hypotheses about consequences of alternative courses of action.

G. Government policies can either help reduce or exaggerate fluctuations within the business cycle and can promote or hinder economic growth.

VI. Government policies can either help reduce or exaggerat
fluctuations within the business cycle and can promote
or hinder economic growth.

139. A pupil might draw a series of cartoons or charts illustrating the different theories of what caused the depression of 1929 or different theories of business cycles in general.

140. Have all pupils in class pretend that they were economic analysts for a newspaper in 1930. Each should write a column trying to explain to readers what caused the depression which began in 1929.

141. Read aloud quotations from Democratic campaign speeches which later blamed Hoover for the depression or called the Republican Party the "depression party." Ask: Do you think this change logical? What kind of reasoning is involved? Did any of the policies of Republican presidents affect business activity adversely?

142. Begin this section of the unit by having pupils try to figure out what would need to be done in order to stop the downswing in the cycle and start an upswing, without waiting for the cycle to hit bottom (as they saw in the models they examined earlier.) Project one of the more complicated flow charts that they examined earlier. Now project a table showing what happened to consumer spending, private investment, government spending, and net exports during the first year of the depression. Ask: What would have to happen to the combined spending by these groups in order to restore the drop in GNP? What measures might make sense? What possible federal government action might be used to restore aggregate spending? What might be the advantages and disadvantages of each type of action? (A student might make a list for the class which can be saved and checked after pupils have done more studying about actual steps taken by Hoover and Roosevelt.) "Supplementary Set of Charts."

A. VALUES INSTITUTIONS AS A MEANS OF PROMOTING HUMAN WELFARE, NOT BECAUSE OF TRADITION; IS WILLING TO CHANGE INSTITUTIONS AS TIMES CREATE NEW PROBLEMS.

A. IS CURIOUS ABOUT SOCIAL DATA.

G. Investment is affected by many factors and so changes are hard to predict. These factors include the psychology of businessmen or their expectations about what will happen, the relationship of recent expansion of productive capacity to consumer demand, technological changes, the state of inventories, changes in consumer income, etc.

G. The motive for saving may be to provide for future security rather than to make more money because of interest rates. People may save even when interest rates are low.

A. Although Hoover's administration finally took a few steps toward more federal action to improve economic conditions, the administration hoped that the depression would reverse itself and that local and state agencies could handle problems of relief. Hoover's administration finally set up the Reconstruction and Finance Corporation to loan money directly to businessmen and to local governments for relief purposes. However, increased federal spending did not offset the decline in state and local spending, let alone the decline in spending in the private sector of the economy.

143. Read aloud quotations by leaders in government and industry soon after the depression began to show how these people tried to restore the confidence of the American people. Ask: Why did they think this important? Why do you think they failed?

See Appendix.

Cronan, ed., Twentieth
pp. 446-447.

Mitchell, Depression De

Cent ons by leaders in government and industry soon after an to show how these people tried to restore the American people. Ask: Why did they think this

cade you think they failed?

See Appendix.

Cronan, ed., Twentieth Century Am.,
pp. 446-447.

Mitchell, Depression Decade, p. 31.

G. Net investment will drop rather than increase as consumer sales level off rather than continuing to grow.

A. IS CURIOUS ABOUT SOCIAL DATA.

S. Reads for main ideas.

S. Generalizes from data.

G. Any decision is in part a product of the internalized values and the perceptions of the person making the decision.

G. If the government increases its expenditures to encourage more production, it may offset this change by increasing taxes.

1. The Hoover administration tried unsucces
the budget by raising taxes. However, a
tax rates or a decline in government spe
aggregate demand.

2. Congress passed the highest tariff in hi
to protect American industry from foreig
However, the increase in tariff rates re
and did not help aggregate demand.

1. The Hoover administration tried unsuccessfully to balance the budget by raising taxes. However, an increase in tax rates or a decline in government spending may reduce aggregate demand.

2. Congress passed the highest tariff in history in order to protect American industry from foreign competition. However, the increase in tariff rates reduce sales abroad and did not help aggregate demand.

144. Read aloud songs and excerpts from comments by people at the time Hoover left office in order to show how far Hoover's reputation had fallen by that time. Suggest that as pupils read about the action he took, they consider the causes of the depression and try to decide whether or not he deserved this reputation.

Cronan, ed., Tw
pp. 465-46

Have pupils read brief accounts of Hoover's attempts to end depression. Tell them that you are not interested in having them learn details about all of the things the administration did. However, they should try to figure out how these actions related to causes of the downswing in business activity and why Hoover made the decisions he did.

Smolensky, Adju
and War, p

Any textbook or

145. Ask: How did Hoover's actions compare with ideas about business and the role of government which were prevalent in the 1920's? Now tell students about the ideas of economists in 1928 before Keynsian economics was developed and spread to this country and before the system of national income accounting had been developed. Point out that Hoover did more than any past president in having the federal government take action to counter a depression. Ask: Why wasn't it surprising that he did no more than this? How did his own attitudes affect his actions? What effect did his measures have upon aggregate spending? (Upon government spending? Upon spending by consumers? Upon investment? Upon net exports?)

Cronan, ed., Tw
pp. 462-46

gs and excerpts from comments by people at the time fice in order to show how far Hoover's reputation that time. Suggest that as pupils read about the they consider the causes of the depression and try to or not he deserved this reputation.	Cronan, ed., Twentieth Century Am., pp. 465-466.
d brief accounts of Hoover's attempts to end de- them that you are not interested in having them about all of the things the administration did. should try to figure out how these actions related e downswing in business activity and why Hoover ions he did.	Smolensky, Adjustment to Depression and War, pp. 22-38. Any textbook on U. S. history.
Hoover's actions compare with ideas about business f government which were prevalent in the 1920's? nts about the ideas of economists in 1928 before mics was developed and spread to this country and tem of national income accounting had been de- t out that Hoover did more than any past president federal government take action to counter a de- : Why wasn't it surprising that he did no more did his own attitudes affect his actions? What measures have upon aggregate spending? (Upon nding? Upon spending by consumers? Upon invest- t exports?)	Cronan, ed., Twentieth Century Am., pp. 462-464, 447-448.

G. An increase in net investment in capital goods will increase national income by more than the amount invested, while a drop in this investment will decrease national income by more than the drop in this investment. This multiplier principle means that the effect of investment in capital goods is to increase the rise and fall of business activity by more than the amount of the increase or decrease in investment.

3. Different kinds of public expend
effects. Thus one kind of expen
greater total aggregate spending
penditure might be completely of
to balance the expenditure. The
to salvage firms in danger of fa
much to stimulate new investment
to local agencies for relief mer
agencies had been spending.

G. Aggregate demand must be enough to buy all of the goods an economy can produce if the economy is to operate at full capacity.

S. Detects inconsistencies.

B. Roosevelt followed a pragmatic appr
all of his proposals into one overa
a result, much of his earlier progr
different view of what role busines
play than was his later legislation
was to preserve the private enterpr
democracy.

3. Different kinds of public expenditures have different effects. Thus one kind of expenditure might lead to greater total aggregate spending, while another expenditure might be completely offset by increased taxes to balance the expenditure. The RFC and Hoover tended to salvage firms in danger of failing but did not do much to stimulate new investment. Moreover, its loans to local agencies for relief merely replaced what local agencies had been spending.

B. Roosevelt followed a pragmatic approach rather than fitting all of his proposals into one overall economic theory. As a result, much of his earlier program was based on a different view of what role business and government should play than was his later legislation. Basically, his aim was to preserve the private enterprise system and political democracy.

146. Discuss: According to what you know about the multiplier effect, what would large-scale government loans to business do if they led to new investment? What firms actually got loans from RFC during Hoover's administration? Why didn't these loans do much to increase investment? Why didn't RFC loans for relief increase consumption and so investment?

Keller, ed., The
88.

147. Have a pupil examine the Democratic platform of 1932. He should also find out what concrete proposals Roosevelt and the Democrats made, if any, to bring about an upswing in business activity and solve some of the problems caused by the depression. He should report his findings to the class. Ask: Did Roosevelt seem to have any overall plan? What inconsistencies were there in some of his campaign speeches?

Cronan, Twentie
pp. 460-46
Merrill and Hal
to Economi
pp. 80ff.

cording to what you know about the multiplier effect, arge-scale government loans to business do if they led tment? What firms actually got loans from RFC during inistration? Why didn't these loans do much to in- tment? Why didn't RFC loans for relief increase con- so investment?

Keller, ed., The New Deal, pp. 87-88.

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Cronan, Twentieth Century Am., pp. 460-462.
Merrill and Halsey, eds., Responses to Economic Collapse, pp. 80ff.

G. Most political communication depends on the use of symbols, negative and positive stereotypes, and other communication shortcuts; effective communication depends on the effective manipulation of these symbolic tools.

S. Identifies persuasion techniques.

S. Reads for main ideas.

S. Detects inconsistencies.

S. Generalizes from data.

G. Government policies toward monopolies and restrictive practices affect business activity both directly by affecting output and prices, and indirectly by affecting income distribution.

1. In the early days of the New Deal, Roosevelt was much influenced by men who believed in restriction of outpu to raise prices and in business cooperation in setting prices. When the Supreme Court declared the NRA unconstitutional, the administration was already convinc that the NRA had not done the job expected of it. No were New Dealers pleased with destruction of food in the face of hunger.

148. Remind pupils of the run on the banks just as Roosevelt took over and of the Bank moratorium he declared. Then have pupils listen to his first inaugural address. Ask: Why do you think this address caught the public imagination?

Recording: FDR Sp
Records.

149. Have pupils read brief accounts of Roosevelt's New Deal program. Tell them not to try to remember specific acts but rather to look for any inconsistencies between programs, for purposes behind different programs, for ways in which programs affected aggregate consumption, and for factors which affected decisions Roosevelt made about what to do.

Smolensky, Adjustm
and War, pp.
Rozwenc, ed., The
or 75-95, or
Keller, ed., The N
59-73.
Werstein, Nation I
U. S. history text

150. Discuss: In the light of what you know about American history, do you think the NRA was following earlier traditions or was it a break with American traditions? Why did Roosevelt decide to try the NRA? Why did the Supreme Court declare it inconstitutional? Why were New Dealers not particularly displeased when the Court ruled it illegal?

is of the run on the banks just as Roosevelt took over Bank moratorium he declared. Then have pupils listen to naugural address. Ask: Why do you think this address public imagination?

Recording: FDR Speaks, Washington Records.

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Smolensky, Adjustment to Depression and War, pp. 39-63.
Rozwenc, ed., The New Deal, pp.1-24, or 75-95, or 96-101, or 102-111.
Keller, ed., The New Deal, pp. 23-35, 59-73.
Werstein, Nation Fights Back.

U. S. history textbooks.

n the light of what you know about American history, k the NRA was following earlier traditions or was it h American traditions? Why did Roosevelt decide to ? Why did the Supreme Court declare it inconstitutional? w Dealers not particularly displeased when the Court legal?

S. Applies previously-learned concepts and generalizations.

G. Prices are affected by supply and demand.

S. Identifies value-conflicts.

A. EVALUATE PROPOSALS AND EVENTS ON THE BASIS OF THEIR EFFECTS UPON INDIVIDUALS AS HUMAN BEINGS.

A. EVALUATES PROPOSALS AND EVENTS ON THE BASIS OF THEIR EFFECTS UPON INDIVIDUALS AS HUMAN BEINGS.

S. Generalizes from data.

S. Detects inconsistencies.

S. Identifies basic assumptions.

G. The decision-maker reacts to pressures from other decision-makers.

G. Government policies toward monopolies and restrictive practices affect business activities both directly by affecting output and prices, and indirectly by affecting income distribution.

151. Remind pupils of early action to destroy pigs and corn and other food crops. Discuss: Why did the Roosevelt administration take such action when it was trying to help the needy and when so many needed food? What steps were taken later to try to accomplish the same thing?

152. Have a pupil prepare several cartoons comparing the food stamp plan to the earlier plan for destroying food to raise prices.

153. Have a pupil report on later trust-busing activities of the New Deal. Discuss: How consistent was this policy with the NRA? On what different assumptions was each of the two programs based? (Point out change in advisors from the time of the NRA.)

G. As long as there are unemployed resources, government expenditures should lead to an increase in production and not to inflation.

G. Government expenditures act just like consumer expenditures to affect allocation of resources to the production of different goods and services and to affect the total amount produced.

G. Government spending on goods and services and for transfer payments (pensions, social security benefits, welfare) may help make up for a lack of demand by the private sector and prevent a decline in business activity.

G. Government spending on goods and services and for transfer payments (pensions, social security benefits, welfare) may help make up for a lack of demand by the private sector and prevent a decline in business activity.

2. After considerable experimentation, Rooseve
istration developed a series of fiscal and
policies to try to end the depression. It
into effect a number of programs which hav
known as built-in-stabilizers to offset fu
swings and drastic upswings in business ac

   a. Roosevelt began to follow the advice of
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   policies should be used to offset swing
   activities; this theory became known as
   of compensatory finance.

      1) The theory of compensatory finance c
      creased expenditures to offset a dec
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      penditures when productive resources

      2) At first some of the programs of gov
      tures were made from practical neces
      than from a belief in their efficacy
      satory finance. The federal governm
      suaded that it must step in to preve
      after local and state agencies were
      relief loans.

2. After considerable experimentation, Roosevelt's administration developed a series of fiscal and monetary policies to try to end the depression. It also put into effect a number of programs which have come to be known as built-in-stabilizers to offset future downswings and drastic upswings in business activity.

   a. Roosevelt began to follow the advice of those economists who believed that government fiscal policies should be used to offset swings in business activities; this theory became known as the theory of compensatory finance.

      1) The theory of compensatory finance calls for increased expenditures to offset a decline in consumer and business consumption and reduced expenditures when productive resources are fully used.

      2) At first some of the programs of government expenditures were made from practical necessity rather than from a belief in their efficacy in compensatory finance. The federal government was persuaded that it must step in to prevent human suffering, after local and state agencies were unable to handle relief loans.

154. Have pupils read a brief account of the theory of compensatory finance. Ask: What parts of the New Deal program would help carry out this theory? (List as many as possible and save lists for future reference.) Were these actions designed originally for this purpose? If you believed in compensatory finance, how would you finance increased government expenditures in times of a depression?

Heilbroner
on Go
Chase, *Whe*
From?
West, et.
pp. 39

155. Have a pupil report briefly, without giving details on the early relief programs. Then discuss: Why did the federal government start such a program?

Bernstein,

r and brief account of the theory of compeatory
overnm t parts of the New Deal program woulhelp
ere's ry? (List as many as possible and se lists
? Ch. e.) Were these actions designed orinally for
al., ou believed in compensatory finance, ow would
92-398 ed government expenditures in times a

Heilbroner and Bernstein, Primer
on Government Spending.
Chase, Where's the Money Coming
From? Ch. 12.
West, et.al., Contemporary Problems,
pp. 392-398.

, The t briefly, without giving details on the early
Then discuss: Why did the federal government
am?

Bernstein, The Lean Years, Ch. 14.

G. Any decision is in part a product of the internalized values and the perceptions of the person making the decision.

G. Most political communication depends on the use of symbols, negative and positive stereotypes, and other communication shortcuts; effective communication depends on the effective manipulation of these symbolic tools.

S. Generalizes from data.

G. Some government action to prevent violent fluctuations in business activity requires decisions; (such action includes fiscal policy involving an increase or decrease in public expenditures or changes in tax rates and monetary policy such as changes in interest rates, requirements for downpayments on installment buying or margin requirements for buying stock, or open-market operations.)

3) Fiscal policies which increas
included a variety of public
well as more direct forms of
local relief agencies, old a
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for downpayments on
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r buying stock, or
perations.)

3) Fiscal policies which increased aggregate consumption included a variety of public works programs as well as more direct forms of aid such as help to local relief agencies, old age pensions, and other non-insurance aspects of the Social Security Program.

156. Have pupils listen to Roosevelt's Fireside Chat of April 28, 1935 in which he described the purposes of the work program. Discuss: Why do you think he talks about an "attack upon enemies?" Do you think he is correct when he says that the administration is "not proceeding in any haphazard fashion?"

157. Have a group of pupils prepare a panel discussion on the pros and cons of public works programs. They should examine the programs in the light of what they have learned about business cycle theory. Now discuss: Do you think reactions today differ from those when the programs were put into effect? Why or why not? What were some of the problems faced in setting up programs initially? What proposals have been made to offset such problems if depression threatens in the future? How easy would it be to start and stop public works programs as business starts declining and rising?

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isten to Roosevelt's Fireside Chat of April 28,
he described the purposes of the work program.
do you think he talks about an "attack upon
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n is "not proceeding in any haphazard fashion?"

Recording: F.D.R. Speaks. Washington Records, Distrib. by Crown Publishers, 419 Park Ave. S.N.

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Wecter, Age of the Great Depression, pp. 74-78, 96-101.
Mitchell, Depression Decade, Ch. 9.
Okun, ed., Battle Against Unemployment, pp. 118-125.
Lorentz, Roosevelt Years, pp. 52, 53, 152-153, 162-173.

G. Government spending on goods and services and for transfer payments (pensions, social security benefits, welfare) may help make up for a lack of demand by the private sector and prevent a decline in business activity.

S. Identifies value-conflicts.

S. Generalizes from data.

S. Identifies value-conflicts.

S. Applies previously-learned concepts and generalizations.

S. Applies previously-learned concepts and generalizations.

4) After the 1937 recession, which followed a cut in federal expenditures and an increase in tax rates Roosevelt paid more attention to those economists who favored compensatory finance policies.

158. Have a pupil investigate and report upon WPA and PWA projects in the local area. Then ask: What have been the long-term effects on these projects?

159. Have a pupil write imaginary editorials which might have appeared during the 1930's supporting or criticizing the WPA. Distribute dittoed copies to the class for analysis.

160. Ask each pupil to try to diagram the way in which Roosevelt's economic advisors expected the public works programs to affect the economy.

161. Project a chart showing government purchases and employment from 1929 to 1960. Ask: What happened to government expenditures while Hoover was President? While Roosevelt was in office? What happened to expenditures as against federal income in 1936-1939? Tell pupils about the increase in income tax rates in the

Economic Report of
1965, pp. 260,
Smolensky, ed., Adj
Depression and War,

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about the increase in income t rates in the

Economic Report of the President,
1965, pp. 260, 265.
Smolensky, ed., Adjustments to
Depression and War, p.20

S. Draws inferences from graphs.

S. Looks for relationships among events.

S. Generalizes from data.

G. If government increases its expenditures to encourage more production, it may offset this change by increasing taxes.

G. Aggregate demand must be enough to buy all of the goods an economy can produce if the economy is to operate at full capacity.

G. Aggregate demand must be enough to buy all of the goods an economy can produce if the economy is to operate at full capacity.

S. Looks for relationships among events.

5) It was not until expenditures for national defens during World War II that the full impact of govern ment spending became obvious. This experience helped convince economists and others that government spending can offset depressions and recessio and promote economic growth. It also helped convince them that the increase in debt as a result deficit spending would not be catastrophic if GNP rose. The burden of paying interest on the debt depends upon the level of the national income. Th war also showed the need for other kinds of inflationary controls when compensatory finance prin ciples cannot be applied because of wartime needs.

mid 1930's and the tax on undistributed profits in 1936. Ask: Were these taxes in line with the theory of compensatory finance? Why or why not?

Grossman, ed., Readings
Economics, p. 474.

Now have pupils examine a chart showing GNP from 1929 to 1960. Ask: What happened to GNP in 1937? What relationships do you see between government expenditures and GNP?

Also show pupils estimates of unemployment in 1938 and 1939. Ask: Do these figures show that the theory of compensatory finance cannot be used to get countries out of depressions? Why or why not? Why didn't federal government expenditures during the 1930's have more effect upon business activity?

162. Have pupils examine graphs showing the GNP from 1929-1945, unemployment from 1929-1945, and government expenditures from 1929-1945. Discuss changes in each. Ask: How can you account for changes in GNP and employment? Have a pupil prepare graphs adjusted for price changes to show the change in real GNP for this period.

See charts used earlier

ne tax on undistributed profits in 1936. Ask:
in line with the theory of compensatory finance?

Grossman, ed., Readings in Current Economics, p. 474.

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29-1945, and government expenditures from 1929-
hanges in each. Ask: How can you account for
nd employment? Have a pupil prepare graphs ad-
changes to show the change in real GNP for

See charts used earlier.

A. RESPECTS EVIDENCE EVEN WHEN IT CONTRADICTS PREJUDICES AND PRECONCEPTIONS.

S. Draws inferences from graphs.

G. The extent to which interest payments on a given national debt are a burden on citizens depends on the level of national income. Thus deficit spending which serves to increase national production and income may even decrease the burden of the national debt although increasing the size of the debt.

G. Government price controls, allocation controls and consumer rationing affect business activity. They may be used to hold down inflation and allocate production resources to essential industries during wartime inflation.

G. Government monetary policies can be used to influence lending and so the amount of money in circulation and aggregate demand for goods.

S. Categorizes data.

b. The government adopted a series of monetary pol
aimed at bolstering prices, preventing busines
failures, and encouraging private investment.

163. Have a student look up the statistics and graph the national debt each year since 1900 (or other suitable period). Discuss causes for the rising debt. On another chart have him graph annual interest payments on this debt over the same period. Discuss ownership of debt and refunding problems.

Treasury Dept., Our Na
Grossman, ed., Reading
Economics, p. 74.

Have a student look up the figures and graph the national debt and interest on the national debt and GNP on the same composite chart. (Also chart the debt per capita and GNP per capita.) Have pupils note the relative burden of the debt and how it depends on the rate of growth of national income. Discuss: Does the high interest on the national debt rule out deficit spending as a means of preventing depressions? Why or why not?

Samuelson, Economics,
Grossman, ed., Reading
Economics, p. 75
Heilbroner and Bernst

Wagner, Measuring the
of the Economy,

164. Discuss: If the government had followed principles of compensatory finance during World War II, what would it have done when inflation threatened? Why didn't it do so? Tell pupils about some of controls which were substituted.

For teacher's use:

165. Define what economists mean by monetary policies. Discuss: What parts of the New Deal program seem to fall under this classification? What were the aims of such programs?

Mark and Slate, eds.,
pp. 234-273.
Hanson, Am.Economy,

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Treasury Dept., Our National Debt.
Grossman, ed., Readings in Current Economics, p. 74.

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hart the debt per capita and GNP per capita.)
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Samuelson, Economics, p. 356.
Grossman, ed., Readings in Current Economics, p. 75.
Heilbroner and Bernstein, Primer.

Wagner, Measuring the Performance of the Economy, p. 37.

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For teacher's use:

Mark and Slate, eds., Ec. in Action, pp. 234-273.
Hanson, Am.Economy.

G. The government can control interest rates and reserve requirements and can buy or sell government bonds to affect bank lending.

G. The government can influence credit by raising margin requirements for buying stock or the amount needed for down payments on goods purchased on credit.

G. The government can borrow money from consumers and so reduce the amount of money in circulation, or it can borrow money from banks and influence the amount of money in circulation in a different direction.

G. Monetary policies affect spending only indirectly and so take longer than do fiscal policies to take effect.

G. Governments cannot affect the velocity of money as easily as they can the amount of money in existence. Thus measures designed to decrease the money supply may not have the desired effect on velocity, and measures to increase the ability of banks to lend may no increase borrowing by business consumers.

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1) Governments can use control over interest
reserve requirements and can buy or sell g
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2) Governments can influence credit by raisin
requirements for buying stock or the amoun
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3) Governments can borrow money from consumer
reduce the amount of money in circulation
creasing disposable incomes, or it can bor
banks by selling banks bonds which banks c
increase loans.

166. Use charts to explain the structure and functions of the federal reserve system. Emphasize the ways in which changes in the rediscount rate, reserve requirements, and open market operations can affect money supplies.

Now tell pupils how the Chicago Reserve Bank and Federal Reserve Board worked at cross purposes during the late 1920's. Point out that Roosevelt's administration obtained legislation to give the Federal Reserve Board more power. Describe other powers acquired by the Board and have pupils figure out how they would affect prices. Discuss: Why is it harder to use monetary policies than fiscal policies to control fluctuations?

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See also Upg
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et of explain the structure and functions of the federal and S m. Emphasize the ways in which changes in the re- Ch. , reserve requirements, and open market operations ney supplies.

ls how the Chicago Reserve Bank and Federal Reserve at cross purposes during the late 1920's. Point out t's administration obtained legislation to give the ve Board more power. Describe other powers acquired and have pupils figure out how they would affect prices. is it harder to use monetary policies than fiscal ontrol fluctuations?

"Supplementary Set of Charts."
See also Upgren and Stahrl, Ec. for You and Me, Ch. 17.

S. Sets up hypotheses.

A. IS SCEPTICAL OF PANACEAS.

G. Both monetary and fiscal policies require descretionary action which may be difficult both because of a lack of knowledge and because of the difficulty of persuading officials to take action.

G. Measurement of the nation's output or national income statistics and various indexes make it easier for government officials and businessmen to assess the state of the economy and plan appropriate courses of action. However, economists do not agree on what these statistics indicate about the exact stage of the cycle.

S. Applies previously-learned concepts and generalizations.

G. Different combinations of monetary and fiscal policies aimed at fighting depression or inflation affect different groups differently. Thus the combination chosen is important.

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of knowledge and because of the dif
suading officials to take action.

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2) Officials who can affect differe
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or offset each other.

3) Elected officials may not wish t
which are called for under theo
finance, because they are unpopu

d. Different combinations of monetary
all aimed at fighting depression o
would affect different groups diff

c. Both monetary and fiscal policies require descretionary action which may be difficult both because of a lack of knowledge and because of the difficulty of persuading officials to take action.

  1) Measurement of the nation's output or national income statistics and various indexes make it easier for government officials and businessmen to assess the state of the economy and plan appropriate courses of action. However, economists do not agree on what these statistics indicate about the exact stage of the cycle.

  2) Officials who can affect different policies may not agree and may follow policies which conflict or offset each other.

  3) Elected officials may not wish to follow policies which are called for under theories of compensatory finance, because they are unpopular with the voters.

d. Different combinations of monetary and fiscal policies all aimed at fighting depression or fighting inflation would affect different groups differently.

167. Discuss: Suppose certain monetary and fiscal policies could be put into effect at the same time. Which would be likely to affect business activity more rapidly? Why? What would have to be done to put monetary and fiscal policies into effect? Why might it be difficult to make changes quickly or at all? What difficulties would economists face in trying to decide when to put certain policies into effect?

168. Give pupils a list of possible combinations of monetary and fiscal policies. Have them figure out how each combination would affect different groups in the country.

G. Government labor policies affect business activity both directly by affecting minimum wages and hours of labor and indirectly by affecting the strength of unions. These policies, by affecting income distribution and costs of production, affect business activity.

e. The government developed a series of reforms aimed at reducing inequalities in income distribution and so bolstering consumer consumption.

G. Built-in stabilizers act automatically without new government action to shore up purchasing power when business activity declines or to slow down increases in purchasing power when business activity increases.

A. IS SCEPTICAL OF PANACEAS.

f. The government also developed a series of reforms which have been known as built-in stabilizers. Built-in stabilizers act to bolster purchasing power in times of recession and a decline in aggregate demand.

  1) A number of stabilizers were developed or modifie by the Roosevelt administration.

    a) Unemployment insurance serves as a built-in stabilizer because it serves to provide unemployed with money when they need it and stop providing such money when people go back to work.

    b) Agricultural parity programs serve as built-in stabilizers since they provide farmers with money when prices are low; this financial help is reduced when prices are high.

169. Have a pupil report on labor legislation of the New Deal in terms of purposes and implications for income distribution. Perhaps show a film on the National Relations Board or on the Fair Labor Standards Act.

Films: *The Story of*
AFL-CIO, 26 min.
The Constitutio
Standards, IU-AV
Books on labor histor

170. Tell pupils that some economists believe that the New Deal succeeded in developing a series of what they call built-in stabilizers. These serve to help even out business fluctuations without any new action by the government. Have pupils figure out how unemployment insurance serves this purpose.

Describe the operation of the parity program in agriculture if pupils have not studied this in the 9th grade. Ask: How would this program serve as a built-in stabilizer?

Tell pupils about the Bank Deposit Insurance Corporation. Ask: How does this program serve as a built-in stabilizer?

Then point out that some other built-in stabilizers were merely modified somewhat by the New Deal. Discuss the effects of income tax structure and corporate taxes as stabilizers.

Ask: What is the advantage of built-in stabilizers over fiscal policy as a means of reducing business fluctuations? Do built-in stabilizers make fiscal policy unnecessary? Why or why not?

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nd implications for income distribution. Perhaps
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Films: The Story of the N.L.R.B., AFL-CIO, 26 min., 1955.
The Constitution and Employment Standards, IU-AVC, 29 min., 1958.
Books on labor history and New Deal.

c) Government programs for insurance of bank deposits serve as built-in stabilizers since depositors get insurance if banks fail during a depression and do not get insurance if banks remain sound.

d) Progressive tax systems serve as built-in stabilizers since they bring in increased receipts to the government in times of prosperity and reduced receipts in times of recession or depression. They act automatically, without action by the government.

2) Government fiscal stabilizers serve as a cushion against too sharp a fall or rise in business activity, but do not offset other changes enough to provide the stimulus to sharply reverse busines trends. They may also retard recovery once it has begun.

g. Discretionary fiscal policies usually take a period of time to put into effect and so to have an effect upon business activity; they may take effect to offset the retarding influence of built-in stabilizers once business activity has begun to move in the desired direction.

S. Generalizes from data.

171. Play a recording of F.D.R.'s Fireside Chat of April 14, 1938 in which he discussed the relationship between economic conditions and democracy. Discuss: On the basis of this speech and of what you have read so far, do you think Roosvelt was trying to preserve or destroy the American economic system of private enterprise?

Recording: FDR Speaks, W
Records.

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the relationship between economic conditions and democracy.
the basis of this speech and of what you have read so
think Roosvelt was trying to preserve or destroy the
nomic system of private enterprise?

Recording: FDR Speaks, Washington Records.

S. Interprets cartoons.

G. People change their culture if they see a real need for change, if they are dissatisfied with existing aspects of their culture.

G. People generally would like to see their economic systems provide both economic growth (and so higher levels of living) and stability (and so economic security).

S. Generalizes from data.

G. Many economists recommend deficit spending when business activity is declining or at least a cut in tax rates; they recommend a reduction in spending and/or a raise in tax

VII. By and large, the nation has come to accept the idea that the federal government is responsible for promoting economic growth, offsetting sharp fluctuations in the business cycle, and achieving high employment.

A. The Full Employment Act of 1946 has been followed by general acceptance of both major political parties, although the parties still differ as to just what action should always be taken or how much action should be taken. Economists now accept many aspects of Keynsian economics and, in general, the possibilities of compensator finance as a means of evening out business fluctuations an promoting economic growth.

172. Have a pupil use old New Yorkers and other popular magazines to locate cartoons which depicted actions by Hoover and Roosevelt to try to end the depression. He should get copies made of these cartoons and prepare a cartoon history (on an opaque projection strip) of "Attempts to End the Depression." Project with opaque projector. Or have microfilm photos or 2x2 slides made; mount microfilm photos separately in 2x2 slides.	Use public library.
173. Read aloud or have pupils read an excerpt from the Full Employment Act of 1946 on the aims of the act. Explain the structure set up to carry out the aims. Quote Eisenhower's reactions. Show copies of economic reports. Then discuss: Does this act really guarantee full employment? Why was it important?	Grossman, ed., Readings i Economics, pp. 4-6 (excerpts of Act.) Hansen, Am. Economy, Chs.
174. Quote an economist on the present-day trend among economists to incorporate much of Keynsian economics. Ask: Why do you think such a change took place?	e.g. See Samuelson, Econ pp. 212, 360.

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nist on the present-day trend among economists to ch of Keynsian economics. Ask: Why do you think took place?	e.g. See Samuelson, Economics, pp. 212, 360.

rates when productive resources are being used to full capacity and there is danger of inflation.

G. A reduction in tax rates when productive resources are not fully used, increases disposable income in the private sector and may lead to higher production and not much or any loss in tax revenues.

G. An increase in tax rates or a decline in government spending may reduce aggregate demand.

A. BELIEVES THAT THE SOCIAL SCIENCES CAN CONTRIBUTE TO MEN'S WELFARE BY PROVIDING INFORMATION AND EXPLANATORY GENERALIZATIONS WHICH HELP THEM ACHIEVE THEIR GOALS.

A. BELIEVES IN THE POSSIBILITIES OF IMPROVING SOCIAL CONDITIONS.

B. Although the U. S. has had recessions since World War II, they have been nowhere nearly as deep or as long as the depression of the 1930's. Different factors have been important in each of these recessions, but the level of investment has again been the key factor.

175. Have a student report on the proposals and debates concerning the tax cut of 1962-1964. Note the arguments on both sides of the issue. Have pupils look at a table showing changes in consumer spending and GNP after the tax cut. Also show figures on what happened to receipts from income taxes after the cut. Ask: How can you explain these figures?

Okun, ed., Battle Aga
ment, pp. 88-102,

Perhaps have pupils read some of the debate over Johnson's proposed tax increase during the Viet Nam War. Discuss the pros and cons of the proposal.

Use Reader's Guide.

176. Divide the class into groups to read very brief accounts of some of the recessions which have taken place since World War II. Each group should describe the extent of the recession, show charts to illustrate some of the factors at work in bringing on the recession, show charts to illustrate the way in which built-in stabilizers served to cushion the downswing, and discuss measures taken by the government to try to promote recovery.

Use Reader's Guide.
Upgren, Sec. Ag. Dep
Mark and Slate, eds.
in Action, pp.
Conference on Econom
"Recession--Cau

student report on the proposals and debates concerning the t of 1962-1964. Note the arguments on both sides of the Have pupils look at a table showing changes in consumer ng and GNP after the tax cut. Also show figures on what ed to receipts from income taxes after the cut. Ask: How n explain these figures?	Okun, ed., Battle Against Unemployment, pp. 88-102, 145-159.
s have pupils read some of the debate over Johnson's pre- tax increase during the Viet Nam War. Discuss the pros and f the proposal.	Use Reader's Guide.
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G. Any decision-maker is limited by available information.

G. Although living levels in the U.S. are very high compared to those in most countries, a large number of people still live in poverty by American standards of what is needed for adequate living levels.

G. Even during prosperous times, there will be some structural unemployment among those changing jobs, those without any skills, and those whose skills are made obsolete by technological changes. There may also be some unemployment among certain groups because of discrimination.

S. Is alert to incongruities, recognizes problems, and is concerned about them.

C. Today, real incomes and national production far exceed anything known in the 1920's. Nevertheless, there are still a large number of poor in this country and new government programs are aimed at trying to achieve the Great Society in which such poverty will be reduced greatly. The extent to which the government should engage in poverty and welfare programs is still debated widely.

177. Point out that National income statistics and the use of statistical data were not available to Hoover in 1929. Quote an economist to the effect that private business firms did not have adequate statistical data on which to make decisions. Ask: Why did this make for more business failures when the crash came in 1929? Why did it make it more difficult for government officials to decide what courses of action would help most?

178. If students have studied the 9th grade course in the Center's curriculum, merely review ideas about the extent, causes of, and programs designed to reduce present-day poverty. If not, do the following and perhaps some of the other activities in the 9th grade unit on poverty.

a. Project graphs showing changes in the real GNP and real GNP per capita and changes in income diistribution from 1929 to the present. Ask: What has happened to levels of living in general?

b. Have pupils look at figures on present-day incomes by different groups. Remind them of the figures they obtained on what is needed in the local area for a basic living level as defined by local relief agencies. Ask: How many of the people in this country do not achieve this level? Would the level be the same in all sections of the country? Why or why not?

Weisbrod, ed., Econom
Section B.

Have pupils look at a table which shows how government agencies estimate the total number of Americans living in poverty. Ask: How do they arrive at this estimate? What proportion of the population do they include within this level today?

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Weisbrod, ed., Economies of Poverty,
Section B.

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do they include within this level today?

S. Differentiates between facts and estimates.

G. Although living levels in the U.S. are very high compared to those in most countries, a large number of people still live in poverty by American standards of what is needed for adequate living levels.

c. Or project a chart showing the percent of families by states with incomes below $2,000 in 1962. Have pupils note the number for their own state. Ask: How does our state stack up with the others? What reasons can you think of for the large numbers of poor in some states?

U. S. Dept. of
fare, Conv
pp. 20-21.

d. Have a pupil check with his state's welfare department (under whatever name it operates), to find out how many people in the state have exhausted their unemployment benefits, how many are now drawing benefits, and how many are unemployed in the state at the present time.

e. Have a pupil make photographs of slum areas in the local area and project them for the class. Discuss: Why do we find such housing in good times?

179. Discuss: Why do you think there is still so much poverty in this country when we are experiencing such good times in general? Have pupils list possible reasons. If they have had the 9th grade course in the Center's curriculum, review what pupils learned in the unit on Pockets on Poverty. If not, do the following:

a. Have a pupil interview a social worker who has been with a social relief agency for many years. He should try to find out how the kinds of cases coming to the attention of relief agencies have changed from the depression period to the present.

t showing the percent of families by states with
000 in 1962. Have pupils note the number for
Ask: How does our state stack up with the
sons can you think of for the large numbers
tates?

U. S. Dept. of Health, Ed. and Welfare, Converging Social Trends, pp. 20-21.

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G. Even during prosperous times, there will be some structural unemployment among those changing jobs, those without any skills and those whose skills are made obsolete by technological changes. There may also be some unemployment among certain groups because of discrimination.

b. Have a panel discuss "Who are the Poor Today?"	Lineberry, ed., Chal Employment. Harrington, The Othe May, Wasted American Lebergott, ed., Man Weisbrod, ed., Econo
c. Have pupils find out more about some of the poverty still existing in the late 1940's and early 1950's among coal miners and among migrant workers. Have several illustrated reports on these topics. Discuss the cause of such poverty when so much of the nation was well off.	Med. Survey of Bitum Industry. Colo Migrant Farm La No Work Today Pamphlet). Shotwell, The Harves
d. Show the film Depressed Area to illustrate the problems in a West Virginia coal town.	Film: Depressed Are distributors, 1
e. Show the film Harvest of Shame and discuss present-day problems of migrant farmers.	Film: Harvest of Sh Now Production.

cuss "Who are the Poor Today?"	Lineberry, ed., Challenge of Full Employment. Harrington, The Other America. May, Wasted Americans. Lebergott, ed., Man Without Work. Weisbrod, ed., Economics of Poverty.
out more about some of the poverty still ex- te 1940's and early 1950's among coal miners t workers. Have several illustrated reports Discuss the cause of such poverty when so on was well off.	Med. Survey of Bituminous Coal Industry. Colorado Tale. Migrant Farm Labor in Colorado. No Work Today (Public Affairs Pamphlet). Shotwell, The Harvesters.
epressed Area to illustrate the problems in a al town.	Film: Depressed Area, AFL-CIO distributors, 1962, 14 min. sd.
rvest of Shame and discuss present-day ant farmers.	Film: Harvest of Shame, (See It Now Production.) McGraw-Hill.

S. Considers alternative courses of action.

S. Considers consequences of alternative courses of action.

G. Economic systems are usually mixed, with both public and private ownership and with decisions made both by government and by consumers and businessmen.

G. In a private enterprise system, it is the market which permits buyers and sellers to deal with one another, which translates demand and supply into a price system, and which is chiefly responsible for the way in which the basic economic questions are worked out.

D. Today the U.S. has a mixed economy, as do most countries However, the mix still lies further in the direction of private enterprise than do many mixed economies in the world.

f. Show one of the many films on effects of automation. Discuss: Will automation create more jobs than it destroys, as have past inventions? What are the immediate effects? What groups are hit hardest by automation?

g. See 9th grade unit on poverty for other suggestions.

180. Have a panel discussion on Johnson's Poverty program and the aims of "The Great Society." Relate to what pupils have learned about factors affecting GNP and to fiscal policy. Ask: What problems have been encountered in carrying out this program?

Weisbrod, ed., Econ. of
Pt. 2.

181. Discuss: Does the U.S. have a private enterprise system today? To what degree has our economic system and people's beliefs about the economic system changed since the early period in American history? Review the role of the market in today's economic system. Emphasize the fact that other economic systems are also mixed economies, but ours has a mix which differs from the others.

"Supplementary Set of C

Perhaps use the kind of diagram used in the ninth grade course to show a three dimensional continuum between both of these and a reciprocal system on the other dimension. Review the meaning of the diagram and then have pupils try to place the present-day U.S. economy on this diagram. Have them place the colonial economy on this diagram. Have them place the economy of around 1880 on this diagram.

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Weisbrod, ed., Econ. of Poverty,
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"Supplementary Set of Charts."

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nomy of around 1880 on this diagram.

The market serves to determine largely what shall be produced, how much shall be produced, how it shall be produced, and who shall get what part of the production. However, government policies and factors which interfere with perfect competition also affect the allocation of resources and income.

G. Most economic systems are in the process of constant change.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify, whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

S. Sees meaningful differences between eras; notes relationships within any era between institutions and cultural assumptions.

G. The process of political socialization is a continuous process; the individual continually acquires new values and patterns of behavior, and a sharp change in his life may result in re-socialization.

VIII. The depression and its aftermath have had important politic and social ramifications, although our economic problems were also affected by non-economic factors.

A. The depression brought about a number of changes in our political system.

1. The depression resocialized millions of American citizens; today the majority of voters are basically Democrats, although many will vote for particular Republican candidates at times.

182. Have pupils examine voting statistics for 1928, 1932, and 1936. Now give pupils figures for the number of voters who claim Democratic affiliation today and who claimed it when Eisenhower was elected. Discuss: Why was Eisenhower elected if a majority of the voters thought of themselves as Democrats? How do you account for the change in party affiliation from the period of the 1920's?

See figures in tables for 8th grade unit on Political Parties and Elections.

2. The depression led to a changed role for the federal government as compared to the local and state governments and also to a much larger bureaucracy. It marked the beginning of "big government" in U. S. affairs and changed attitudes toward what the governmen should do in economic and also social affairs. The people began to think more often of turning to the federal government to solve problems formerly considere state affairs.

G. Constitutions change through custom and interpretation as well as by formal amendments.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify, whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

B. The depression plus the wars and cold war which followed have brought about marked changes in American attitudes.

1. Although the American people still value material wealt and economic growth, they also place a higher value today on economic security and economic justice than they did during the 1920's.

183. Show a graph on the increase in the number of federal employees since 1929. Discuss: How can you account for these changes?

184. On the chalkboard, list some of the domestic problems being discussed in Congress now or those handled in Congressional acts during the last session of Congress. Ask: How many of these have to do with welfare or economic problems? Discuss: What do these acts and Congressional bills indicate about changes from the 1920's? How can you account for these changes?

185. Have several pupils role-play a discussion in Heaven between some of the framers of the U.S. constitution (and perhaps with F.D. Roosevelt and Kennedy) about what has happened to the constitution without actual amendment.

186. Have pupils rate in order of preference the kind of job which they would like in the future: one with a very large income but a great risk of losing the job; one with good pay but a 50-50 chance of losing the job; or one with great security but low income? One with a very large income and long hours of work or one with less income and shorter hours of work?

Stein and Cloward, eds., Social Perspectives on Behavior, pp. 321-322 (for study mad in 1940's.)

S. Sees meaningful differences between eras; notes relationships within any era between institutions and cultural assumptions.

S. Looks for relationships among events.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify, whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

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2. World War II, the Korean War, the cold war, and the war in Viet Nam have resulted in a tremendous increas in government expenditures and so have had important effects upon our economic system (including a sharp increase in national production and a rise in living levels) and upon attitudes of the American people.

Compare class results with those of a study made in the 1940's. Also discuss: How do you think the attitudes of this class compare with those of people in the 1920's? With those in the 1890's?

187. Have pupils compare the results of some opinion poll taken during recent years toward helping the poor or the poverty program with attitudes of Americans during the 1920's. How can they account for the changes?

188. Say: We have been talking about ways in which economic changes affected values and other aspects of American life. What non-economic events affected our economic and social system? How?

189. Read aloud a quotation by a sociologist on present-day attitudes toward work and play. Ask: Do you agree that the statement expresses accurately the attitudes of the American people? How does it compare with the attitudes of the American people in colonial days? in the late 19th century? in the 1920's?

Larrabee and Meyersohn, eds.
Man's Leisure, p. 93.

S. Sees meaningful differences between eras; notes relationships within any era between institutions and cultural assumptions.

G. Changes in one aspect of culture will have effects on other aspects; changes will ramify, whether they are technological, in social organization, in ideology, or whatever else is a part of the cultural system.

S. Looks for relationships among events.

3. New Deal programs, wartime programs, and postwar prosperity have led to a revolution in rural ideas about technology and material wealth and values.

C. The depression, World War II, and the postwar prosperity have combined to bring about massive movements of people from one place to another.

1. The introduction of labor-saving machinery on southern farms combined with wartime industry to bring about a great increase in horizontal mobility, particularlly among southern Negroes.

190. Have a pupil compare results of current opinion polls dealing with some of the same topics discussed in the study of the 1920's. Ask: What changes do you see? What might account for these changes?

Or have pupils report on some of the changes as seen by modern sociologists.

Olson, ed., America As a M
Society.

191. Have a pupil give a report on what has happened in Plainville, U.S.A. (What has happened to attitudes of farmers toward technology, science, and wealth? toward cooperation with neighbors? toward what provides prestige? What has brought about these changes?) Discuss: Do you think that there is as great a conflict today as in the 1920's between urban and rural groups?

Olson, ed., Am. As a Mass
Society, pp. 187-204.

192. Remind pupils of some of the reasons for the migrants of the 1930's. Ask: What was forcing sharecroppers off the land? Where might many of the southern Negroes have gone during World War II? Why? Show pupils tables showing the increase in Negro population in northern cities since 1930. Discuss: Why has mobility for other groups increased too?

e. g. Stein and Cloward, e
Soc. Perspectives on
pp. 288-314.

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2. Public works construction during depression days, needs of wartime and defense construction, postwar prosperity, government policies related to home building, and the spurt in population growth have accentuated the rate of urbanization and particularly of the growth of suburbs.

D. The depression, wars, and increased prosperity since World War II have each influenced education and the use of leisure.

1. The war and post war prosperity have been accompanied by a sharp rise in birth rates, which [illegible] has had an effect upon education and upon our economic system.

2. The great increas in living levels following World War II combined with other factors such as the GI Bill to bring about a great increase in the proportion of youth attending college and also finishing high school.

3. The depression had its effect upon leisure, while the post-war prosperity and shorter hours of work have resulted in increased leisure and different patterns of using leisure.

193. Compare population data for a number of large cities in U. S. and the pupils' own state in 1930 and today. Show pupils maps of a large city in their own state today and in the 1920's or 1930's. Ask: What has happened to suburbs in this period? What accounts for the growth of suburbs? What effects has suburban living had upon Americans? What problems has it raised?

Olson, ed., Am. As a
Society, pp. 24
(Use for report.)

Have a pupil give a report on the effects of suburban dwelling upon American life.

194. Show pupils a graph or table on changes in the birth rate from 1929 until the present. Discuss: What may have caused the changes during the depression? during the war and postwar period? What effects have these changes had upon our economic system? (Discuss the relationship of population to investment opportunities.) What effects have these changes had upon our educational system?

195. Have pupils compare a graph showing GNP from 1929 until today and one comparing the population growth and number of pupils remaining in high school or attending college. Ask: How many of your fathers or relatives went through college under the GI Bill? What has happened to the attitudes of American people toward education? What change has taken place in school attendance?

196. Have a pupil report on what happened to leisure during the depression days. Have students draw comparisons with the present day. Have the class examine a chart showing changes in hours of work since 1920. Ask: What does increasing leisure mean to the American people? How has the use of leisure been affected by prosperity?

Wecter, Age of the Gr
Ch. 11.
Larrabee and Meyerson
Leisure.

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Olson, ed., Am. As a Mass Society, pp. 244-256.
(Use for report.)

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Wecter, Age of the Great Depression, Ch. 11.
Larrabee and Meyerson, eds., Man's Leisure.

G. Internal social stability is important to the development of national power in that it enables the nation to concentrate on external matters without disruption or the diversion of attention.

E. The depression served to concentrate attention
affairs during Hitler's rise to power, while in
affairs such as the war in Viet Nam can make it
to carry forward some domestic economic and soc

G. Although culture is always changing, certain parts or elements may persist over long periods of time.

S. Sees meaningful differences between eras.

F. Although culture is always changing, certain pa
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from the America of colonial days.

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E. The depression served to concentrate attention upon domestic affairs during Hitler's rise to power, while international affairs such as the war in Viet Nam can make it difficult to carry forward some domestic economic and social programs.

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fferences

F. Although culture is always changing, certain parts or elements may persist over long periods of time. Some of the attitudes which mark present-day Americans can be traced back to early days in American history, despite the many changes which have taken place during the twentieth century. However, the basic cultural values of today help make today's America far different from the America of colonial days.

197. Read aloud a brief quotation or tell pupils about interpretations which lay some of the blame for the U.S. failure to pay more attention to Hitler in his early years of power to America's concentration upon solving problems raised by the depression.

Have pupils follow newspaper reports to see if they can find indications of ways in which problems of foreign affairs are affecting our economic and social affairs today.

198. Give pupils a list of some of the values identified by anthropologists as being values held by the American people today. How do they compare with those held by Americans in 1900? in the late 1920's? What factors might help account for the changes? Are there any resemblences between some of these attitudes and those of colonial Americans? of Americans during the early national period? What degree of continuity has there been?

Morison, ed. The America
Style

FAMILY INCOMES 1929

Per Cent of Families	Income
21%	Under $1000
42%	Under 1500
71%	Under 2500*
92%	Under 5000

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* Frequently given as the income needed at that time for a "minimum" standard of living.

U.S. LEADERS ON ECONOMIC CONDITIONS, 1929-30

HENRY FORD
These really are good times, but only a few know it.

CHARLES M. SCHWAB
Never in my life have I been more optimistic of this country's prosperity than today.

THOMAS W. LAMONT
The trying experiences through which we are passing may ultimately be a fine thing for us.

J. P. MORGAN
I don't know anything about any depression.

HENRY FORD
If this period of convalescence through which we have been passing must be spoken of as a period of depression, it is far and away the finest depression that we have ever had.

SAMUEL INSULL
Our people should not take the situation here so pessimistically. Laugh a bit. It would be helpful in every way.

NO. OF UNEMPLOYED IN PHILADELPHIA IN 1931 BY TYPE OF OCCUPATION *

Occupation	Number of men Unemployed
Total................	8,177
Laborer.............	3,398
Semi-skilled laborer..	2,601
Skilled laborer.......	1,158
Foreman, Supervisor.	171
Clerical Worker......	156
Salesman............	120
Business Man........	354
Professional Man.....	30
Not Certain.........	26
No Report............	163

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*Adapted from Ewan Clague and Webster Powell, Ten Thousand Out of Work, Philadelphia: University of Pennsylvania Press, 1933, Table 8, p. 34.

INCOMES AND EXPENDITURES

July, 1935-June, 1936

Earning Under $1,000 a year

Earning Under $1,000 a year (Includes relief payments)	12 million families plus 6 million individuals or 41% of families of U.S.

AVERAGE EXPENDITURES OF FAMILY IN THIS INCOME GROUP

	Per Week	Per Month	Per Year
Food	$5.86		$304.72
Rent		$20.00	240.00
Clothing			52.00
Other Expenses			14.00
Total			$610.72
Average Deficit per year			160.00

APPENDIX

CHANGES IN FARM PRICES FROM 1920 to 1932

1. Changes in Prices of Farm Products

Date	Price of wheat (per bushel)	Price of corn (per bushel)	Price of cotton per pound
April, 1920	$2.42	$1.64	$ .39
1932	.39	.29	.06½

2. Changes in Prices of Goods Farmers Sold Compared to Prices of Goods He Bought
(Index Numbers, with 1920 Prices Equal to 100)

	1920	1932
Prices of What Farmer Sold	100	31
Prices of What Farmer Bought	100	53

3. Problems Faced by Farmers Who Went Into Debt

Suppose Farmer A mortgaged his farm in 1920 for $10,000. He agreed to pay $1,000 a year plus interest until debt was paid.

To pay $1000 in 1920, he would need to sell 413 bushels.

To pay $1000 in 1932, he would need to sell 2,564 bushels.

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Key to Reading Level
* Easy reading for tenth grade students.
# Above average reading for tenth grade students.
For only superior tenth grade students
These not makred are of average difficulty.

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